#### HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING FEBRUARY 25, 2015 APPLICATION SUMMARY

NAME OF PROJECT:

Waynesboro Health and Rehabilitation Center

PROJECT NUMBER:

CN1411-045

ADDRESS:

104 J.V. Mangubat Drive

Waynesboro (Wayne County), Tennessee 38485

LEGAL OWNER:

Waynesboro Healthcare, LLC

485 Central Avenue, NE

Cleveland (Bradley County), Tennessee 37311

**OPERATING ENTITY:** 

Health Services Management Group, LLC

485 Central Avenue, NE

Cleveland, (Bradley County), Tennessee 37311

**CONTACT PERSON:** 

Kelli Canan

(423) 478-5953

DATE FILED:

November 10, 2014

PROJECT COST:

\$5,658,318.00

FINANCING:

Commercial Loan

REASON FOR FILING:

The relocation and replacement of Wayne Care Nursing Home (46 beds) to Waynesboro Health and Rehabilitation Center (109 beds) combining into a 155 bed dually certified nursing home as permitted by T.C.A. § 68-11-1627. The nursing home beds in this project are NOT subject to the 125 bed Nursing Home Bed Pool for the July 2014-2015 state fiscal year

period.

#### **DESCRIPTION:**

Waynesboro Health and Rehabilitation Center (WHRC), a 109 bed nursing home (license #278), formerly known as Wayne County Nursing Home, is seeking

approval for the relocation of Wayne Care Nursing Home (WCNH), a 46 licensed skilled nursing facility (license #277), located at 505 South Main Street, Waynesboro (Wayne County), TN to the WHRC campus located at J.V. Mangubat Drive, Waynesboro (Wayne County), TN, a distance of 1.35 miles. The project will combine the 2 licensed nursing homes into 1 licensed nursing facility by closing the 46 bed WCNH facility. WHRC will house the combined 155 licensed bed nursing facility which will become dually certified for participation in Medicare and Medicaid. A new wing will be constructed at WHRC to accommodate WCNH's licensed 46 beds and will include an 18-bed designated Memory Care Unit serving Alzheimer's and Dementia patients. Currently, both WHRC and WCNH are certified for Level 1/Medicaid only. The applicant has since applied for dual certification for Medicare/Medicaid at the time this application was filed.

No new services will be initiated and no services will be discontinued. The project is <u>not</u> subject to the 125-bed Nursing Home Bed Pool for the 2014-2015 state fiscal year period.

T.C.A. § 68-11-1627 permits a CON applicant to file a replacement facility application to replace one or more currently licensed nursing homes with one single nursing home.

#### SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

## CONSTRUCTION, RENOVATION, EXPANSION, AND REPACEMENT OF HEALTH CARE INSTITUTIONS

1. Any project that included the addition of Beds, Services, or Medical Equipment will be reviewed under the standards for those specific activities

Not applicable to this application.

- 2. For relocation or replacement of an existing licensed health care institution:
  - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

The Wayne Care Nursing Home is outdated and the existing facility is not conducive to renovation. The consolidation of the Wayne Care Nursing Home

(46 beds) and Wayne County Nursing Home (109 beds) will allow the applicant to achieve economies of scale in operating a single nursing home.

The cost of the project is \$5,658,318 and no other alternative would be as cost effective.

The applicant appears to <u>meet</u> this criterion.

b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

The applicant projects 43,020 patient days of care in Year 1 (2016) of the project and 51,109 patient days of care in Year 2 (2017) of the project resulting in patient occupancies of 76% and 90.3% respectively.

It appears this criterion has been met.

- 3. For renovation or expansions of an existing licensed health care institution:
  - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

The proposed renovation will enable the applicant to provide skilled nursing and rehabilitation services to Wayne County residents that are not available. Currently, Wayne County Hospital discharges Wayne County SNF patients to skilled nursing home facilities in Maury, Lawrence, and Hardin Counties.

It appears this criterion has been met.

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

The 38 year old Wayne Care Nursing Home is not conducive to major renovation as the structure and amenities are outdated. For example, there are no sinks or toilets in patient's rooms which require patients to go to a communal restroom.

The proposed renovation at Waynesboro Health and Rehabilitation Center is needed to provide skilled Medicare services by converting two 4-bed wards into a 950 SF therapy area which will provide physical therapy, occupational

therapy, and speech therapy coupled with its Restorative Program. In addition, Wayne County residents will have access to a 18 bed specialized Alzheimer's Disease and Dementia Unit that is not currently available.

It appears this criterion has been met.

#### STAFF SUMMARY

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italics.

#### **Summary**

The proposed project involves the relocation of Wayne Care Nursing Home's 46 licensed beds to a newly-constructed wing of the existing 109 bed nursing facility WHRC. Both WHRC and Wayne Care Nursing Home are currently certified for Level 1/Medicaid only. The applicant proposes to combine both facilities and become a 155 dually certified bed facility which will include an 18 bed secured memory unit for Alzheimer's and Dementia patients.

The applicant has determined that operating two separate facilities, with two separate staffs on two separate campuses approximately 1.35 miles apart is not financially and operationally efficient as combining the two licensed nursing homes into one. The construction of the new 46 bed wing will take approximately 20 months.

#### History

- On June 30, 2014 Waynesboro Healthcare, LLC signed a purchase agreement for the acquisition of Wayne County Nursing Home and Wayne Care Nursing Home with Wayne County.
- On August 1, 2014 Waynesboro Healthcare, LLC began operating the 2 nursing homes thereby changing the name of Wayne County Nursing Home to Waynesboro Health and Rehabilitation Center.
- The applicant then transferred 24 residents to Waynesboro Health and Rehabilitation Center from Wayne Care Nursing Home between August 18, 2014 and August 24, 2014 and then ceased inpatient care at Wayne Care Nursing Home on August 24, 2014.
- On August 27, 2014 the applicant made a request to the Tennessee Department of Health for the 46 licensed beds associated with Wayne Care Nursing Home be placed in "inactive status" due to the fact the beds

- will not be operation until they are merged with the 109 beds at the Waynesboro Health and Rehabilitation Center under a common license.
- The applicant has provided a listing of historical and projected chronological events in supplemental #1 specific to the proposed project.

Note to Agency Members: A letter from the Tennessee Department of Health dated October 24, 2014 indicates Wayne Care Nursing Home was approved on September 10, 2014 for its license to be placed on inactive status through May 10, 2015. A copy of the letter is attached to the end of the packet.

#### **Ownership Information**

- The current owner of Waynesboro Health and Rehabilitation Center's Real Property is Wayne County.
- Waynesboro Health and Rehabilitation Center is currently leased from Wayne County (Lessor) to Waynesboro Healthcare, LLC (Lessee).
- Waynesboro Healthcare, LLC's acquisition rights will be assigned to Wayne Real Estate Investor's LLC as Lessor.
- Per the fully executed Letter of Agreement dated November 24, 2014 in Supplemental #2, Wayne Real Estate Investors, LLC will become the assignee of the Purchase and Sale Agreement, purchase the facility, and then immediately lease the facility back to Waynesboro Healthcare, LLC and will also construct the planned addition and renovations.
- Waynesboro Healthcare, LLC d/b/a Waynesboro Health and Rehabilitation Center will remain the lessee/licensee.
- The management company will remain Health Services Management Group, LLC (HSMG).
- Health Services, Inc. (HSI), predecessor to Health Services Management Group, LLC was formed in 1991 to perform merger and acquisition services to third-party owner/operators, to acquire facilities for the HSI portfolio for leasing back to the third-party operators, and to serve as a receiver for troubled properties. In 2005 Health Services Management Group, LLC was formed and became a full-service management company.
- HSMG provides management services for 9 nursing facilities consisting of 1,149 licensed beds located in 4 states and 3 home health agencies.
- Waynesboro Healthcare, LLC and Health Services Management Group, LLC are 99.99% owned by Thomas D. Johnson.
- Wayne County Real Estate Investors, LLC is 85% owned by John E. McMullan and 15% by John F. McMullan.

An organizational structure is located in Attachment A.4.

#### **Facility Information**

- If approved, Waynesboro Health and Rehabilitation Center will increase from an existing 33,200 SF to 54,000 SF.
- The new 19,400 two-story 46 bed wing addition will contain an 18 bed secured memory unit on the lower floor and 36 beds on the upper floor.
- The memory unit will have a nurse's station; dining room; activities area; and secured courtyard.
- An elevator is planned for the proposed 2 story wing which will be large enough to allow the movement of beds.
- In addition to the new wing, a 1,400 square foot dining, activity and office space at the front of the existing building will be constructed.
- Rehabilitation space will be created by converting two 4-bed ward rooms to a 950 SF area that will accommodate occupational, physical, and speech therapy services.
- Patient bed space per room will increase from 92.75 square feet at the former 46 bed Wayne Care Nursing Home Facility to 193.5 SF per patient at the new proposed 46 bed wing addition at WHRC.
- The project will also involve new sidewalks, landscaping, and paving.

Floor plan drawings are included in Attachment B.IV.

Wayne Care Nursing Home and WHRC Current and Proposed Bed

		Complemer	ıt	
	Current Rooms	Current Beds	Proposed Rooms	Proposed Beds
Wayne Care Nursing Home				
Semi-private Rooms	23	46	0	0
Private Rooms	0	0	0	0
Ward Beds	0	0	0	0
Wayne Health and Rehabilitation Center				
Semi-private Rooms	38	76	56	112
Private Rooms	14	14	14	14
4-Ward Beds	4	16	2	8
3-Bed Ward	1	3	1	3
Memory Care	0	0	9	18
Total	57	109	82	155

Source: CN1409-039

• All rooms in the proposed 46 bed proposed wing will be semi-private that will include a shower, sink, and toilet.

- Ward beds will decrease from 19 to 11 beds.
- The existing 14 private beds at Wayne Health and Rehabilitation Center will remain the same which represents 9% of the total 155 beds.
- Semi-Private rooms totaling 122 beds represent 72% of the 155 total licensed beds.

#### **Project Need:**

- Approval of this application by combining two separate staffs and two separate campuses will achieve economies of scale by creating a campus that is more financially and operationally efficient.
- The original 46 bed Wayne Care Nursing Home's physical plant is too restrictive and not conducive to renovation and is not capable of meeting the modern expectations of nursing care.
- There are no sinks or toilets in patient's rooms. Patients must go down the hallway to a communal restroom.
- If approved, the proposed project will include skilled nursing services and an 18 bed memory unit that are not currently available to Wayne County residents within their own county. Patients will be able to reside in Wayne County close to their families and support structure.

#### Service Area Demographics:

Waynesboro Health and Rehabilitation Center's declared service area consists of Wayne County.

- The total population of Wayne County is expected to decrease by 0.8% from 16,854 residents in 2014 to 16,724 residents in 2018.
- The overall statewide population is projected to grow by 3.7% from 2014 to 2018.
- The Wayne County 2014 age 65 and older category will increase by approximately 7.1% from 3,005 residents in 2014 to 3,219 in 2018 compared to a statewide increase of 12.3%.
- The 65 and older population cohort presently accounts for approximately 17.8% of Wayne County compared to a statewide average of 14.9%.
- The number of service area residents enrolled in the TennCare program is estimated at approximately 17.6% in Wayne County compared with the statewide average of 18.8%.

#### Historical and Projected Utilization

The licensed bed occupancy of Wayne County nursing homes was approximately 71% in calendar year 2013. Key highlights follow:

	County	Licensed	2014 ]	Patient Da	ys	2014
- 11		Beds	Non- Skilled	Skilled	Total	Occupancy
Wayne Care Nursing Home	Wayne	46	11,432	0	11,432	68.1%
Wayne County Nursing Home	Wayne	109	29,982	0	29,982	75.4%
Total		155	41,414	0	40,116	73.2%%

Source: Waynesboro Health and Rehabilitation Center

- Wayne County Nursing Home's 2014 occupancy was 68.1% while Wayne Care Nursing Home's occupancy was 75.4% combining for an average of 73.2%.
- Overall, non-skilled care represented 100% of patient days (41,414) in Wayne County nursing units in 2013.

Wayne County Historical and Projected Utilization

			ai and Proje	cteu Utiliza	шип	See the feature of
Wayne Care N	ursing Ho	ome	STEEL AND THE			
	2012	2013	2014	% Change 10-13	2016	2017
Patient Days	14,377	13,388	11,432	-20.5%	Beds w	ill be
Licensed Beds	46	46	46		relocate	ed to
Occupancy	85.6%	79.7%	68.1%			County g Home
Wayne County	Nursing	Home				
	2012 ;	2013	2014	% Change 10-13	2016	2017
Patient Days	35,995	33,452	29,982	-16.7%	43,020	51,109
Licensed Beds	109	109	109		155	155
Occupancy	90.5%	84.1%	75.4%		76%	90.3%

Source: Waynesboro Health and Rehabilitation Center

The utilization table above reflects the following:

- Wayne Care Nursing Home licensed occupancy trended downward from 85.6% in 2011 in 68.1% in 2014.
- The occupancy of Wayne County Nursing Home also trended downward from 90.5% in 2011 to 75.4% in 2014.

• Collectively, the combined 155 licensed beds are projected to increase 1.5% from 50,372 patient days in 2012 to 51,109 patient days in 2017.

Note to Agency Members: There appears to be data reporting errors (incorrect data, figures in wrong fields, and not matching) in past Joint Annual Reports (2010-2013) for both Wayne County Nursing Home and Wayne Care Nursing Home while under previous ownership. In the supplemental response, the new owner provided revised utilization data for the Years 2012-2014. The applicant indicates personnel with experience in preparing Joint Annual Reports have been hired. If any future inaccuracies are identified, the applicant will work with the Department of Health to correct.

The table below highlights the projected utilization in the first two years of the project.

Proposed 46 bed Addition-Projected Utilization

Year		*Medicare- certified beds	2	Level 2 Medicaid ADC	SNF All other Payors ADC	Non-Skilled ADC		Licensed Occupancy %
2016	46	46	6	30	5	(inc. in Level 2)	41	89%
2017	46	46	8	32	5	(inc. in Level 2)	45	98%

Source: CN1411-045 Supplemental Response #1

- The applicant estimates the licensed occupancy of the 46-bed nursing unit addition will increase from 89% in 2016 to 98% in 2017.
- The applicant projects a patient mix of 6 Medicare skilled patients, 5 skilled (other payors), and 30 Medicaid Level 1 and Level 2 patients for a total average daily census of approximately 41 patients per day in the first year of the proposed 46 bed addition.

Waynesboro Health and Rehabilitation Center

155 Bed Facility-Projected Utilization

Year		*Medicare- certified beds					ADC	Licensed Occupancy %
2016	155	155	12	89	17	(inc. in Level 2)	118	76%
2017	155	155	21	100	19	(inc. in Level 2)	140	90%

Source: Supplemental response #1

- The applicant estimates the licensed occupancy of the combined 155-bed nursing home will increase from 76% in 2016 to 86% in 2017.
- The applicant projects a patient mix of 12 Medicare skilled patients, 17 skilled (other payors), and 89 Medicaid Level 1 and Level 2 patients for a total average daily census of approximately 118 patients per day in the first year of the proposed project.
- In supplemental #1 the applicant projects 6-8 SNF patients per month will be discharged to WHRC from Wayne County Hospital.

#### **Project Cost**

Major costs of the \$5,658,318 total estimated project cost are:

 Construction (including contingency and site Prep)-\$4,735,000 or 84% of total cost.

For other details on Project Cost, see the Project Cost Chart on page 25 of the original application.

A letter dated October 23, 2014 from Franklin Associates, Architects, Inc. indicates the proposed addition will be fully sprinkled and designed and built to conform to all applicable federal standards, and licensing requirements including all the requisite elements required by the 2010 AIA Guidelines for the Design and Construction of Healthcare Facilities as well as the Americans with Disabilities Act Accessibility Guidelines.

#### **Construction Cost Per Square Foot**

- The new construction cost is \$170.00 per square foot (SF) for the 20,800 SF 46 bed nursing home wing addition, \$120.00 per square foot for the 2,952 SF renovation to the existing Waynesboro Health and Rehabilitation Center, and \$164.00 per square foot for total construction.
- As reflected in the table on the following page, the new construction cost is between the median of \$167.31 per square foot and the 3<sup>rd</sup> quartile of \$176.00 per square foot of statewide nursing home new construction projects from 2011 to 2013, renovation costs are above the 3<sup>rd</sup> quartile of \$101.00 per square foot, and total construction costs of \$164 are below the 3<sup>rd</sup> quartile of \$168 per square foot.

Please note the table displayed below:

# Statewide Nursing Home Construction Cost Per Square Foot Years 2011-2013

	Renovated	New Construction	Total construction
	Construction		
1st Quartile	\$25.00/sq. ft.	\$152.80/sq. ft.	\$94.55/sq. ft.
Median	\$55.00/sq. ft.	\$167.31/sq. ft.	\$152.80/sq. ft.
3rd Quartile	\$101.00/sq. ft.	\$176.00/sq. ft.	\$167.61/sq. ft.

#### **Historical Data Chart**

The applicant provided a Historical Data Chart for both Wayne Care Nursing Home and Wayne County Nursing Home.

- Wayne Care Nursing Home reported net operating income after capital expenditures of \$45,053 in FY2012, with net operating losses of (\$35,053) in FY2013, and (\$318,851) in FY2014.
- Wayne County Nursing Home reported net operating losses after capital expenditures of (\$156,421) in 2012, (\$356,933) in 2013, and (\$408,502) in 2014.

#### **Projected Data Chart**

The applicant provided a Projected Data Chart for the 155-bed Waynesboro Health and Rehabilitation Center. The Projected Data Chart reflects the following:

- In FY2016 on projected 43,020 patient days, gross operating revenue is projected to be \$8,793,747 (\$204/day) and in FY2017 on 51,109 patient days, projected gross operating revenue is \$11,096,056 (\$217/day).
- Deductions from operating revenue are projected to total \$103,938 in FY2016 or 1.2% of gross revenue and in FY2017 total deductions of \$7,559 or 0.06% of gross revenues.
- With net operating revenue in 2016 of \$8,689,809 and operating expenses of \$8,100,658, the result is projected net operating income of \$552,407. Net operating income is expected to increase to \$1,491,213 in FY2017.
- There is no charity care designated in the Projected Data Chart. In supplemental 1, the applicant indicates Wayne Care Nursing Home and Wayne County Nursing Home were Level I facilities and billed on a per diem basis resulting in no contractual adjustments or charity care. Any difference between the amount billed and collected are "bad debts". In

FY2017 the projected provisions for bad debt is \$64,391 or 0.58% of gross operating revenue reflecting approximately 297 patient days.

#### Charges

Summarizing from the revised Projected Data Chart the average patient daily charges are as follows:

• The proposed average gross per diem charge is \$204/day in FY2016; however, the net charge after deductions amounts to \$202 per day. Net charges increase to \$217/day in FY2017.

Note to Agency Members: Section 4432(a) of the Balanced Budget Act of 1997 changed how payment is made for Medicare skilled nursing facility services from a cost based to a per-diem prospective payment system (PPS) covering all costs (routine, ancillary and capital) related to the services furnished to beneficiaries under Part A of the Medicare program. Under PPS, payments for each admission are case-mix adjusted to classify residents into a Resource Utilization Group (RUG) category based on data from resident assessments and relative weights developed from staff time data. Source: "Skilled Nursing Facility PPS", CMS.gov.

#### Medicare/TennCare Payor Mix

- Medicare and Managed Medicare- In FY2016 gross revenue of \$879,374 or approximately 10% of total revenue.
- TennCare/Medicaid-In FY2016 gross revenue of \$6,683,248 or approximately 76% of total revenue.

#### Financing

An 11/25/14 letter located in Supplemental #2 from Seth T. Gray, Senior Vice President, Georgia Commerce Bank confirms the availability of at least \$6,000,000 to Wayne Real Estate Investors, LLC to finance the acquisition and development of the proposed project. However, if for some unforeseen reason Wayne Real Estate Investors, LLC does not meet credit approval and underwriting criteria, Thomas D. Johnson owner of Waynesboro Healthcare, LLC and Health Services Management Group, LLC has the financial resources to finance the proposed project. The personal unaudited financial statement of Thomas D. Johnson is located in Supplemental #2.

In the supplemental response, the applicant indicates Waynesboro Healthcare, LLC has only been in existence a few months and has not completed audited financial statements. Review of Waynesboro Health and Rehabilitation's unaudited financial statements for the period ending August 31, 2013 indicates

(\$44,112) in cash and cash equivalents, total current assets of \$320,936, total current liabilities of \$733,713 and a current ratio of .43 to 1.

Note to Agency members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities, which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities. Lower values suggest potential problems in meeting payroll or making payments to vendors. In supplemental #1, the applicant indicates Waynesboro Healthcare, LLC obtained a \$400,000 line of credit from Covington Investments, LLC, a parent company to Wayne Real Estate Investors, LLC, to cover payroll and other obligations.

#### Staffing

The applicant's current staffing pattern for direct patient care in Year One (2016) staffing totals 67.8 full time equivalents (FTE), direct patient care staff calculates to approximately 3.3 hours of care per resident per day. Clinical staff includes the following positions classifications:

- 7.0 FTE Nursing Administration
- 5.0 FTE Registered Nurses (RNs)
- 14.0 FTE Licensed Practical Nurses (LPN)
- 38.0 Certified Nursing Assistant
- 2.0 FTE Activities Coordinator
- 1.8 FTE Social Services Coordinator

Note to Agency Members: 1 FTE means an employee who works 2,080 regular hours per year. Current licensure standards require nursing homes to have adequate numbers of licensed registered nurses, licensed practical nurses and certified nurse aides to provide nursing care to all residents as needed. Nursing homes shall provide a minimum of 2 hours of direct care to each resident every day including 0.4 hours of licensed nursing personnel time. There must be supervisory and staff personnel for each department or nursing unit to ensure, when needed, the availability of a licensed nurse for bedside care of any resident. Source: Chapter 1200-08-06-.06, Rules of the Board for Licensing Health Care Facilities, Division of Health Care Facilities, Tennessee Department of Health (revised March 2014).

#### Licensure/Accreditation

Waynesboro Health and Rehabilitation Center is licensed by the Tennessee Department of Health and certified by Medicare and Medicaid.

Corporate and property documentation are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in two years.

#### CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, denied applications, pending applications, or outstanding Certificates of Need for this applicant.

## <u>CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA</u> FACILITIES:

There are no other Letters of Intent, denied applications, pending applications, or outstanding Certificates of Need for other health care organizations in the service area proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME (01/27/15)

# LETTER OF INTENT



#### State of Tennessee Health Services and Development Agency

Andrew Jackson Building, 9<sup>th</sup> Floor 502 Deaderick Street Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

#### LETTER OF INTENT

The Publication of Intent is to be published in the Wayne County News, which is a newspaper of general circulation in Wayne County, Tennessee, on or before November 5, 2014, for one day.

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Waynesboro Health & Rehabilitation Center, an existing licensed nursing home owned by Waynesboro Healthcare, LLC, a limited liability company, and to be managed by Health Services Management Group, LLC, intends to file an application for a Certificate of Need for the relocation and replacement of Wayne Care Nursing Home located at 505 South Main Street, Waynesboro, TN 38485 (License #277), a 46-bed nursing facility and the construction of an addition to Waynesboro Health & Rehabilitation Center (License #278) (f/k/a Wayne County Nursing Home), a 109-bed nursing facility located at 104 J.V. Mangubat Drive, Waynesboro, TN 38485. The project will combine the two licensed facilities into one licensed nursing facility by closing the 46-bed facility at 505 South Main Street and combining the beds by construction of an addition to the existing 109-bed facility located at 104 J.V. Mangubat Drive. Upon completion, Waynesboro Health & Rehabilitation Center will house the combined 155-bed nursing facility, which will become dually certified for participation in Medicare and Medicaid and will include an 18-bed Designated Memory Care Unit. Presently, both existing nursing facilities are certified for Level 1/Medicaid only. There is no major medical equipment required for this project, and no new beds are being added from the Nursing Home Bed Pool. The estimated project cost is \$5,658,317.63.

The anticipated filing date of the application is on or before November 10, 2014. The contact person for this project is Kelli Canan, CON Project manager, who may be reached at Health Services Management Group, 485 Central Avenue Northeast, Cleveland, Tennessee 37311. Ms. Canan's telephone number is (423) 478-5953 and her email address is kelli.canan@healthservices.cc.

Keeli Caran
(Signature)

| 114/2014 | kelli.canan@healthservices.cc
(E-mail Address)

The Letter of Intent must be <u>filed in triplicate</u> and <u>received between the first and the tenth</u> day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency Andrew Jackson Building, 9<sup>th</sup> Floor 502 Deaderick Street Nashville, Tennessee 37243

Pursuant to T.C.A. § 68-11-1607(c)(1), (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

# Copy

# Waynesboro Health and Rehabilitation Center

CN1411-045

TEIDTHOFT, OT NO

	Name of Facility, Agency, or Institut	<u>ion</u>	Ž.
	Waynesboro Health & Rehabilitation Cent	ter (Replacing Wayne C	Care Nursing Home)
	Name	7	
	104 J.V. Mangubat Drive		Wayne
	Street or Route		County
	Waynesboro	TN	38485
	City	State	Zip Code
	Contact Person Available for Respon	nses to Questions	я 19
	Kelli Canan		CON Project Manager
	Name		Title
0	Health Services Management Group	kelli.d	canan@healthservices.cc
	Company Name		Email address
	485 Central Avenue, NE	Cleveland	TN 37311
	Street or Route	City	State Zip Code
		100 170 5050	423-472-6283
	Management Company Association with Owner	423-478-5953 Phone Numbe	
		Phone Number	
	Association with Owner  Owner of the Facility, Agency or Ins	Phone Number	er Fax Number
	Owner of the Facility, Agency or Inst	Phone Number	
	Owner of the Facility, Agency or Inst  Waynesboro Healthcare, LLC Name	Phone Number	Fax Number  423-478-5953  Phone Number
3.	Owner of the Facility, Agency or Inst  Waynesboro Healthcare, LLC Name 485 Central Avenue, NE	Phone Number	Fax Number 423-478-5953
	Owner of the Facility, Agency or Inst  Waynesboro Healthcare, LLC  Name  485 Central Avenue, NE  Street or Route	Phone Number	Fax Number  423-478-5953 Phone Number  Bradley County 37311
	Owner of the Facility, Agency or Inst  Waynesboro Healthcare, LLC Name 485 Central Avenue, NE	Phone Number	Fax Number  423-478-5953 Phone Number  Bradley County
	Owner of the Facility, Agency or Inst  Waynesboro Healthcare, LLC Name  485 Central Avenue, NE Street or Route  485 Central Avenue, NE City	Phone Number Stitution  TN State	Fax Number  423-478-5953 Phone Number  Bradley County 37311
3.	Owner of the Facility, Agency or Inst  Waynesboro Healthcare, LLC Name  485 Central Avenue, NE Street or Route  485 Central Avenue, NE	Phone Number Stitution  TN State	Fax Number  423-478-5953 Phone Number  Bradley County 37311
	Owner of the Facility, Agency or Inst  Waynesboro Healthcare, LLC Name  485 Central Avenue, NE Street or Route  485 Central Avenue, NE City  Type of Ownership of Control (Check	Phone Number Stitution  TN State  ck One)  F. Govern	A23-478-5953 Phone Number Bradley County 37311 Zip Code
	Owner of the Facility, Agency or Inst  Waynesboro Healthcare, LLC Name  485 Central Avenue, NE Street or Route  485 Central Avenue, NE City  Type of Ownership of Control (Check A. Sole Proprietorship	Phone Numberstitution  TN State  ck One)  F. Govern	423-478-5953 Phone Number Bradley County 37311 Zip Code
	Owner of the Facility, Agency or Inst  Waynesboro Healthcare, LLC Name  485 Central Avenue, NE Street or Route  485 Central Avenue, NE City  Type of Ownership of Control (Check A. Sole Proprietorship B. Partnership C. Limited Partnership	Phone Number  TN State  F. Govern G. Politica H. Joint V.	A23-478-5953 Phone Number Bradley County 37311 Zip Code  mment (State of TN or al Subdivision)
	Owner of the Facility, Agency or Inst  Waynesboro Healthcare, LLC Name  485 Central Avenue, NE Street or Route  485 Central Avenue, NE City  Type of Ownership of Control (Check A. Sole Proprietorship B. Partnership C. Limited Partnership D. Corporation (For Profit)	Phone Number State  TN State  F. Govern G. Politica H. Joint V. I. Limited	A23-478-5953 Phone Number Bradley County 37311 Zip Code  Timent (State of TN or all Subdivision) Venture Liability Company
	Owner of the Facility, Agency or Inst  Waynesboro Healthcare, LLC Name  485 Central Avenue, NE Street or Route  485 Central Avenue, NE City  Type of Ownership of Control (Check A. Sole Proprietorship B. Partnership C. Limited Partnership	Phone Number State  TN State  F. Govern G. Politica H. Joint V. I. Limited	A23-478-5953 Phone Number Bradley County 37311 Zip Code  mment (State of TN or al Subdivision)

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

			ALTO Director	
5.	Name of Management/Operating Entit	<u>y (</u> If Applica	ble)	R
	Health Services Management Group, LLC	<u>2</u>		
	Name 485 Central Avenue, NE		<u>Bradley</u> County	
	Street or Route	TN	37311	
	Cleveland	Sta	te <u>37311</u> Zip Code	
92	City	320		
	PUT ALL ATTACHMENTS AT THE REFERENCE THE APPLICABLE ITEM	END OF T	HE APPLICATION IN ORDER IN ALL ATTACHMENTS.	AND
6.	Legal Interest in the Site of the Institu	ution (Check	One)	
	A. Ownership	D.	Option to Lease	
	B. Option to Purchase	E.	Other (Specify) X Lease with Agr	eemen
8	6		to Purchase	
	C. Lease In Years	<del></del>	* J**	
7.	REFERENCE THE APPLICABLE ITEM  Type of Institution (Check as appropriate of Instituti		Man one response may apply)  Nursing Home  Outpatient Diagnostic Center  Recuperation Center	_ X
	C. ASTC, Single Specialty  D. Home Health Agency	M.	Residential Hospice	
	E. Hospice	N.	Non-Residential Methadone	
	F. Mental Health Hospital		Facility	
	G. Mental Health Residential	0.	Birthing Center	
	Treatment Facility	P.	Other Outpatient Facility	
	H. Mental Retardation Institutional	Q.	(Specify)	
	Habilitation Facility (ICF/MR)	W.	Calci (Openi)	
8.	Purpose of Review (Check) as appro	priatemore	than one response may apply)	
0.	A. New Institution B. Replacement/Existing Facility C. Modification/Existing Facility D. Initiation of Health Care Service as defined in TCA §	G. X	Change in Bed Complement [Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution,	
	68-11-1607(4) (Specify)	Н.	Conversion, Relocation] Change of Location	<u>X</u>
	- COR Comission	1.	Other (Specify)	-
	E. Discontinuance of OB Services F. Acquisition of Equipment			

9.	Bed (	Complement Data se indicate current and prop	oosed distril	bution	and certif	ication of	facility bed	ls.
	7 700	, , ,		Curren	nt Beds ed *CON	Staffed <u>Beds</u>	Beds Proposed	TOTAL Beds at <u>Completion</u>
	A.	Medical						
	В.	Surgical		-				
	C.	Long-Term Care Hospital						
	D.	Obstetrical				-		
	< 1	ICU/CCU						
		Neonatal				Spring to Company		
~		Pediatric						
57	Ю. Н.	Adult Psychiatric		-		-		
	п. 1.	Geriatric Psychiatric			-			
	*-	Child/Adolescent Psychiatric		****	-			2
		Rehabilitation						
			0-4:5-4)					
	1.5	Nursing Facility (non-Medicaid		155	155	155		
		Nursing Facility Level 1 (Medic		100	100	100	•	
		Nursing Facility Level 2 (Medic	are only)					
	¥	Nursing Facility Level 2 (dually certified Medicaid/Medicar	re)	_			155	155
	P.	ICF/MR				-		
		Adult Chemical Dependency						
,	R.	Child and Adolescent Chemic Dependency	cal					
	S.	Swing Beds					-	
	T.	Mental Health Residential Tr	eatment					
	U.	Residential Hospice						
		TOTAL						
		*CON-Beds approved but not yet	in service					
10.	М	edicare Provider Number	Applied					
		Certification Type	<b>Dual Certifi</b>	cation	- Level 1	and Level	2	
11.	М	edicaid Provider Number	744-0200					
		Certification Type	Level 1	(curi	rently)			
12.	lf	this is a new facility, will co	ertification b	e sou	ght for Me	dicare and	l/or Medicai	d? N/A
		lentify all TennCare Manage	d Caro Ora	anizati	ons/Rohav	ioral Heal	th Ornaniza	ations
13.	(A	lentify all TennCare Manage MCOs/BHOs) operating in the eatment of TennCare partic es, please identify all MCOs	e proposed inants? ve	servic s. see	e <i>area.</i> W below. If th	ill this pro ne respons	e to this it	e tne em is

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

NOTE:

Section B is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. Section C addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.

#### SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

#### RESPONSE:

Executive Summary (See Attachment "7" Section B.I. Project Description)
Replacement Facility for Wayne Care Nursing Home and Construction of Addition to Waynesboro Health and Rehabilitation Center

#### Ownership Structure:

Lessor

Wayne County (currently; will be Wayne Real Estate Investors,

LLC)

Lessee/Licensee

Waynesboro Healthcare, LLC

Management Company

Health Services Management Group, LLC

#### Operations Transfer History:

Waynesboro Healthcare, LLC (the "Applicant") began operating two (2) nursing homes, Waynesboro Health & Rehabilitation Center (License #278) (f/k/a Wayne County Nursing Home), a 109-bed facility located at 104 J.V. Mangubat Drive, Waynesboro, TN 38485, and Wayne Care Nursing Home, a 46-bed facility located at 505 S. Main Street, Waynesboro, TN 38485 (License #277), on August 1, 2014.

#### Project Description:

The existing structure will incorporate a new two-story wing, providing the 18 bed Secured Memory Unit on the lower floor and providing the 36 beds on the upper floor. The completed facility will offer 14 private rooms and the remaining rooms will be shared. The new addition has a total of 19,400 square feet.

B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

#### **RESPONSE:**

There is no change to the number of licensed beds at either facility; however, 46 of the beds at the existing Wayne Care facility will be relocated to the Waynesboro facility as part of the project. The reasons for the change of location are described in more detail in section "D" below.

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

#### RESPONSE:

The Applicant currently provides ICF/MR services. With the Applicant's request for dual certification, the Applicant will add rehabilitation services in accordance with Medicare requirements.

- 1. Adult Psychiatric Services
- 2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
- 3. Birthing Center
- 4. Burn Units
- 5. Cardíac Catheterization Services
- 6. Child and Adolescent Psychiatric Services
- 7. Extracorporeal Lithotripsy
- 8. Home Health Services
- 9. Hospice Services
- 10. Residential Hospice
- 11. ICF/MR Services
- 12. Long-term Care Services
- 13. Magnetic Resonance Imaging (MRI)
- 14. Mental Health Residential Treatment
- 15. Neonatal Intensive Care Unit
- 16. Non-Residential Methadone Treatment Centers
- 17. Open Heart Surgery
- 18. Positron Emission Tomography
- 19. Radiation Therapy/Linear Accelerator
- 20. Rehabilitation Services
- 21. Swing Beds

#### Long-Term Care and Rehabilitation Services

Currently, there are no facilities in Wayne County providing skilled nursing or rehabilitation services. The Applicant will be able to meet the existing need in Wayne

To better serve the Wayne County community, the project will combine the two licensed facilities into one licensed facility (replacement facility) by closing the 46-bed facility at 505 S. Main Street and combining the beds by constructing an addition to the existing 109-bed facility located at 104 J.V. Mangubat Drive. Once the addition is complete, Waynesboro Health & Rehabilitation Center will house the total combined 155-bed facility.

Services:

The facilities are both certified for Level 1/Medicaid only. A "bed change request" for Dual Certification has been requested by submitting a CMS-855A for initial Medicare enrollment. Furthermore, 18 of the licensed beds will be allocated to a new designated Secured Memory Unit for Alzheimer's and Dementia residents. Both of these services are in great need in Wayne County. The Applicant proposes to provide long-term care services from the replacement facility in the existing building and the newly-constructed wing. The Applicant will accept most forms of private long-term care insurance. As a part of dual certification, the newly-constructed wing and existing space will accommodate rehabilitation space. The secured Memory Care Unit will offer activities of daily living.

#### Service Area:

The service area for this project is Wayne County.

#### Major Medical Equipment:

There is no major medical equipment required for this project.

#### Project Cost:

The estimated project cost is \$5,658,317.63.

Funding: This project will be funded by a commercial loan from Georgia Commerce Bank.

#### Staffing:

Proposed direct patient care staffing in year 1 and year 2 includes the following:

		Staffing Pattern	
		Year 1	Year 2
		FTE's	FTE's
Direct Nursing	Nursing Admin	7	7
Direct Nursing	RN	5	5
	LPN	14	14
	CNA	38	38
	Rehab Aide		2
	Activities	2	3
	Social Svs	1.8	1.5
Total FTE's		67.8	70.5

#### Financial Feasibility:

As will be described in further detail in the application, after analysis of the market rates, cost of construction, and the projected utilization as a result of expanded services, the project is financially viable to carry the debt service at competitive rates.

- II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.
  - Describe the construction, modification and/or renovation of the Α. facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

#### RESPONSE:

The Applicant proposes to replace the 46-bed Wayne Care facility by constructing a wing onto the 109-bed Waynesboro facility. The 46 beds will be relocated to the newly-constructed wing at 109 J.V. Mangubat Drive, Waynesboro, TN 38485, resulting in a substantial addition to and modernization of the existing Waynesboro facility. In addition to the new wing, the Applicant will also construct a 1,400 square foot dining, activities and office area at the front of the existing building. This will improve dining, activity and office space, which is currently inadequate, and will accommodate 28 of the relocated beds. Further, the applicant will include a smaller dining area on the first floor of the new wing to accommodate the 18 Secured Memory Unit beds.

The new additions and renovations will modernize the combined 155-bed facility. The square footage and bed complement will be as follows:

-		SQUA	RE FOOT	AGE AND	SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART	R SQUA	RE FO	OTAGE		
A. Unit /	Existing	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square	inal Squa	Гe	Proposed	ed Final Cost / SF	ŤÍ
-		-			Renovated	New	Total	Renovated	New	Total
Resident Rooms		13,368			0	9480	9,480	\$120.00	\$170.00	\$1,611,600.00
Admin		1,264			500	522	-1,022	\$120.00	\$170.00	\$148,740.00
Rehab		438			438	0	438	\$120.00	\$170.00	\$52,560.00
Food Service		1,163			0	167	167	\$120.00	\$170.00	\$28,390.00
Laundry		480			0	0	0	\$120.00	\$170.00	\$0.00
0		3,989			0	2022	2,022	\$120.00	\$170.00	\$343,740.00
Activities & Lounge		656			360	1627	1,987	\$120.00	\$170.00	\$319,790.00
Storage		2,120			0	670	670	\$120.00	\$170.00	\$113,900.00
Dining		1,103			1,654	1529	3,183		\$170.00	\$458,410.00
									\$170.00	
						-			\$170.00	
B.Unit/Depart.										
Sub-Total		24,581			2,952	16,017	18,969	\$120.00	\$170.00	\$3,077,130.00
									\$170.00	
C. Mechanical / Electrical GSF		2,189			0	548	548	\$120.00	\$170.00	\$93,160.00
D. Circulation /Structure GSF		6,430			0	4235	4,235	\$120.00	\$170.00	\$719,950.00
E. Total GSF		33,200			2,952	20,800	23,752	\$120.00	\$170.00	\$3,890,240.00

County to allow patients in Wayne County to obtain skilled nursing and rehabilitation services locally without traveling to other counties. As will be discussed further, the current bed need in Wayne County for skilled nursing services is 138 beds, but there are currently no beds for skilled nursing services.

D. Describe the need to change location or replace an existing facility.

#### RESPONSE:

This project involves the relocation of Wayne Care Nursing Home's 46 licensed beds to the newly-constructed wing of the existing 109-bed facility, Waynesboro Health & Rehabilitation Center. Operating two separate facilities, with two separate staffs on two separate campuses approximately 1.35 miles apart is not as financially and operationally efficient as combining the two licensed homes into one.

The original Wayne Care Nursing Home building was constructed in 1976. Wayne County acquired the 46-bed facility in 2010. The layout of the 46-bed facility is not capable of meeting the modern expectations of nursing care due to many ward rooms and outdated amenities. There are no sinks and toilets in the patient rooms. For basic hygiene needs, residents must go down the hall to a communal restroom. Virtually every major system, as well as the structure, are outdated and in need of replacement. Please see photographs of the current facility included as <a href="Attachment" 8" Section B. II. D. Need</a>. The current site of the 46-bed facility is restrictive and not conducive of a renovation. In addition, operating two separate facilities would be inefficient. Therefore, the replacement of the Wayne Care Nursing Home is best to be relocated and combined with the 109-bed facility.

Based upon the foregoing, the Applicant determined to close the Wayne Care Nursing Home building on August 23, 2014. Please see <a href="Attachment">Attachment "9" Section B. II. D. Need</a>, which includes correspondence between the Applicant and the Tennessee Department of Health and the Residents' families regarding the closure of the facility and the placement of the 46 licensed beds on inactive status. Closing the Wayne Care Nursing Home building and offering a new space in the more modern existing Waynesboro Health & Rehabilitation facility brings many advantages to the residents and families. During the transfer of residents, all of the families were quite pleased with the change. Further, many of the staff relocated to the Waynesboro Health & Rehabilitation facility; therefore, the residents were surrounded with familiar faces for their care.

Also, the Applicant's intent is to offer a combined 155 dually-certified bed facility in order to meet the needs of Wayne County more effectively. The process for this dual certification was initiated on September 17, 2014. Furthermore, of the existing 155 licensed beds, the replacement facility will offer an 18-bed designated Secure Memory Unit serving Alzheimer's and Dementia residents. This will be housed in the newly-constructed addition.

The combination of the two facilities by constructing an addition and renovating the existing space will have a great impact on the betterment of the quality of care provided to the residents of Wayne County and their families.

- E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:
  - For fixed-site major medical equipment (not replacing existing equipment):
    - a. Describe the new equipment, including:

- 1. Total cost (As defined by Agency Rule).
- 2. Expected useful life;
- 3. List of clinical applications to be provided; and
- 4. Documentation of FDA approval.
- b. Provide current and proposed schedules of operations.
- 2. For mobile major medical equipment:
  - a. List all sites that will be served;
  - b. Provide current and/or proposed schedule of operations;
  - c. Provide the lease or contract cost.
  - d. Provide the fair market value of the equipment; and
  - e. List the owner for the equipment.
- 3. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

#### **RESPONSE:**

Not applicable.

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:

#### **RESPONSE:**

Plot plan of the site - Please see Attachment "10" Section B. III. (A)

- 1. Size of site (in acres); RESPONSE: 2.6 acres
- 2. Location of structure on the site; and RESPONSE: Please see Attachment "11" Section B. III. A. 2
- 3. Location of the proposed construction. RESPONSE: Please see Attachment "12" Section B. III. A. 3.
- 4. Names of streets, roads or highway that cross or border the site.

**RESPONSE:** J.V. Mangubat Drive which is 300 feet away from Highway 64, a 4-lane thoroughfare.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for <u>all projects</u>.

(B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

#### **RESPONSE:**

This site is located at 104 J.V. Mangubat Drive which is less than a half mile away from Highway 64, a 4-lane thoroughfare, within the city limits of Waynesboro, Highway 64 connects to Highway 13 in the heart of Waynesboro. These two thoroughfares are convenient access from all parts of Wayne County and offers access to I-65 and I-40.

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

#### **RESPONSE:**

A floor plan for the proposed facility - Please see Attachment "13" Section B. IV

NOTE: <u>DO NOT SUBMIT BLUEPRINTS</u>. Simple line drawings should be submitted and need not be drawn to scale.

- V. For a Home Health Agency or Hospice, identify:
  - 1. Existing service area by County;
  - 2. Proposed service area by County;
  - 3. A parent or primary service provider;
  - 4. Existing branches; and
  - 5. Proposed branches.

RESPONSE: Not applicable.

#### SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

#### QUESTIONS

#### NEED

- Describe the relationship of this proposal toward the implementation of the State Health Plan and <u>Tennessee's Health</u>: <u>Guidelines for Growth</u>.
  - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

#### Nursing Home Services

1. Guidelines for Growth Criteria - Need 1: According to TCA 68-11-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

County bed need =  $.0005 \times pop. 65$  and under, plus

.0120 x pop. 65 – 74, plus .0600 x pop. 75-84, plus .1500 x pop. 85, plus

RESPONSE: According to the Tennessee Population Projections published by the Division of Health Statistics of the Tennessee Department of Health and the codified bed need formula, Wayne County currently has and will continue to have a significant bed need. In 2017, the bed need will be 138, as illustrated in the following chart.

	2017 Population Projection	Rate	Need Beds by Age
Population 0-65	13,583	.0005	7
Population 65-74	1814	.0120	22
Population 75-84	962	.0600	58
Population over 85	337	.1500	51
ropulation over oo		TOTAL:	138

This need is projected to grow significantly in Wayne County as that population ages.

The Division of Health Planning has proposed new criteria and standards for nursing home services, and, though they have not yet been approved, the bed need resulting from the proposed calculation does not differ significantly from the current calculation.

\*County bed need = .001 x pop. 65 and under, plus

.015 x pop. 65 – 74, plus .045 x pop. 75-84, plus .165 x pop. 85, plus \*Proposed county bed need formula

Using the Tennessee Population Projections, the proposed bed need formula indicates a bed need of 140 in 2017.

2. Guidelines for Growth Criteria - Need 2: The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.

#### RESPONSE:

According to the Tennessee Population Projections published by the Division of Health Statistics of the Tennessee Department of Health and the codified bed need formula, Wayne County has a bed need projected to be 138 in 2017.

3. Guidelines for Growth Criteria - Need 3: The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.

#### RESPONSE:

According to the Tennessee Department of Health's health facility licensure search, the Applicant's facilities are the only licensed nursing homes in Wayne County, and there currently are no Level 2/Skilled Medicare beds in Wayne County.

4. Guidelines for Growth Criteria - Need 4: "Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.

RESPONSE: The facility serves the community in Wayne County, which is within 30 minutes travel time for the majority of the population of its service area and thus will be a source of quality health care to the community's senior population.

- 5. Guidelines for Growth Criteria Need 5: The Health Facilities Commission may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:
- a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and
- b. All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.

RESPONSE: Not applicable. This application will not add new nursing home beds.

6. Guidelines for Growth Criteria - Occupancy & Size 1: A nursing home should maintain an average annual occupancy rate for all licensed beds of at least

90 percent after two years of operation.

#### RESPONSE:

Nursing Facility	Licensed Beds	2010 Patient Days	2011 Patient Days	2012 Patient Days	2010 Occupancy	2011 Occupancy	2012 Occupancy
			28674	30198	72	72	75.9
Wayne County*	109	28674			73.4	89.13	89.37
Wayne Care*	46	12410	14965	15006	/3.4		

Please note we believe the historic occupancy at both buildings has been below 95% mainly because of the substandard amenities at Wayne Care and lack of private rooms at either facility cause Wayne County Nursing Home to keep semi-private rooms as private rooms when desired by the patient, which can keep them from going out of the county to find a private room. Also services not provided in the county, such as memory care and level II care as discussed in other areas of the application. Again, we estimate that in 2013 approximately 20 Wayne County origin residents were being served in adjoining counties.

7. Guidelines for Growth Criteria – Occupancy & Size 2: There shall be no additional nursing home beds approved for service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently noncomplying with quality assurance regulations shall be considered in determining the service area's average occupancy rate.

#### RESPONSE:

Not applicable.

8. Guidelines for Growth Criteria – Occupancy & Size 3: A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.

#### RESPONSE:

Not applicable.

9. Guidelines for Growth Criteria – Occupancy & Size 4: A free-standing nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Facilities Commission may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.

### RESPONSE: Not applicable.

The proposed project will further the <u>5 Principles for Achieving Better Health</u> as set forth in the State Health Plan.

1. The purpose of the State Health Plan is to improve the health of Tennesseans.

RESPONSE: While this principle focuses mainly on the goals and strategies that support health policies and programs at the individual, community and state levels that will help improve the health status of Tennesseans, this project is consistent in that patients will be able to receive intensive skilled nursing care and rehabilitative services as well as memory care within the community in which they live. The Applicant's consolidated facilities will provide the most effective care in a person-centered environment.

The project will further the Applicant's ability to provide state of the art long term care services. In addition, the Applicant reports extensive quality measures as part of its involvement in the Medicare program. The Applicant has an ongoing quality improvement program to monitor and improve patient outcomes. These outcomes are regularly reported as part of public reporting requirements for all nursing homes.

2. Every citizen should have reasonable access to health care.

RESPONSE: As it currently stands, the citizens of Wayne County do not have access to skilled nursing and rehabilitation services in their community. They must travel to other counties or even out of state to receive these services. The project will meet a currently unavailable need for health care services and improve access to health care by modernizing and combining the facilities into a single, dually-certified nursing home.

 The State's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the State's health care system.

RESPONSE: The Applicant's project speaks to the very heart of this principle at several levels. By assuring that the appropriate level of care and health care beds are available, when needed, the state's health care system will be able to keep cost to their lowest level possible by making sure patients are able to utilize services at the lowest level of care possible (skilled nursing versus an acute care setting).

4. Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.

RESPONSE: The Applicant's facility is a long term care provider that is surveyed both at the State and Federal levels. Through various sources, including the Medicare.gov website and the Nursing Home Compare data sets, consumers can now compare and research long term care providers, home care providers and acute care providers. The Applicant is dedicated to providing quality care to residents of its service area.

5. The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.

RESPONSE: As noted previously, the employees of the closed Wayne Care Nursing Home transferred to Waynesboro Health and Rehabilitation Center to an environment more conducive to providing a high quality of care to patients. Employee morale and retention will be improved in a more modernized and advanced patient care setting in the consolidated facility.

b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)

RESPONSE: Not applicable.

## Construction, Renovation, Expansion, and Replacement of Health Care Institutions

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

#### **RESPONSE:**

Please see the responses above regarding the addition of skilled nursing services. There will be no change in the number of beds, and no major medical equipment will be necessary.

- 2. For relocation or replacement of existing licensed health care institution:
- a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

#### RESPONSE:

As noted previously, the Wayne Care Nursing Home is outdated and the existing facility is not conducive to renovation. In addition, the consolidation of the two nursing homes, resulting in the replacement and relocation of the Wayne Care Nursing Home, will allow the Applicant to achieve economies of scale in operating a single, modernized nursing home at Waynesboro Health and Rehabilitation Center.

 The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

#### **RESPONSE:**

As noted, there is a projected bed need of 138 beds in 2017. The projected bed need will continue to grow as the population of Wayne County ages and needs skilled nursing services in a modern facility.

- 3. For renovation or expansions of an existing licensed health care institution:
- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

#### **RESPONSE:**

Currently, there are no other facilities providing skilled nursing and rehabilitation services in Wayne County. The Applicant's project will meet the existing demand of the citizens of Wayne County that are currently traveling outside of the service area

for these services.

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

#### **RESPONSE:**

Photographs of the vacant Wayne Care Nursing Home are included as <u>Attachment</u> "7" Section B. II. D. Need.

Describe the relationship of this project to the applicant facility's long-range development plans, if any.

#### RESPONSE:

The Applicant's long-term plan is to provide an up-to-date skilled nursing facility, as well as a Secured Memory Unit in an effort to properly serve the Wayne County community. Further, this skilled nursing facility will partner with the local hospital; home health agencies; hospice agencies to offer the full spectrum of acute care, rehabilitation and long-term care needs to the residents of Wayne County within this county service area.

3. Identify the proposed service area <u>and</u> justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).

RESPONSE: Please see Attachment "14" Section C. 4.

The applicant has confined the service area to Wayne County where the majority of the population in the service area is located as defined by HSDA's guidelines for growth.

4. A. Describe the demographics of the population to be served by this proposal.

**RESPONSE:** The population in Wayne County and the surrounding counties is growing and is projected to continue to grow over the next five to seven years. Please see the population projection chart below.

Population Projections, Tennessee Counties and the State, 2010-2020 2013 Revision (6/13) COUNTY – WAYNE

SEX	_	To	tal	
-----	---	----	-----	--

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0-4	845	757	746	747	758	776	791	794	799	807	816
5-9	861	892	880	887	831	823	764	754	755	768	787
10-14	956	980	976	927	944	876	898	888	894	838	831
15-19	1,076	1,001	986	953	943	976	984	981	933	949	882
20-24	1,023	1,044	1,029	1,056	1,039	1,012	989	972	940	926	956
25-29	1,123	1,138	1,117	1,109	1,084	1,069	1,030	1,013	1,038	1,019	994
30-34	1,208	1,198	1,208	1,183	1,158	1,128	1,133	1,109	1,100	1,076	1,060
35-39	1,157	1,152	1,104	1,104	1,134	1,178	1,183	1,196	1,175	1,150	1,122
40-44	1,291	1,248	1,268	1,246	1,213	1,134	1,138	1,090	1,093	1,128	1,172
45-49	1,330	1,314	1,303	1,264	1,263	1,256	1,226	1,245	1,228	1,198	1,121
50-54	1,256	1,243	1,261	1,278	1,264	1,282	1,282	1,270	1,232	1,233	1,227
55-59	1,097	1,125	1,112	1,143	1,148	1,197	1,194	1,212	1,230	1,220	1,238
60-64	1,100	1,119	1,110	1,066	1,070	1,045	1,072	1,059	1,088	1,093	1,143
65-69	840	881	924	969	997	1,032	1,037	1,031	994	995	975
70-74	701	682	696	738	756	749	777	819	865	891	921
75-79	493	516	509	523	565 ·	581	572	583	618	635	629
80-84	354	352	359	356	342	366	390	386	394	425	439
85 plus	310	318	333	338	345	335	337	346	348 .	340	349
All Ages	17,021	16,960	16,921	16,887	16,854	16,815	16,797	16,748	16,724	16,691	16,662

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health,

Division of Policy, Planning and Assessment, Office of Health Statistics.

Note: These data will not match the University of Tennessee Center for Business of Economic Research data exactly due to rounding.

The county has a low minority population, with only approximately 7.7% of the population being of African American, Asian, Native American, or Hispanic/Latino ethnicity. In 2010, The median income for a household in the county was \$26,576, and the median income for a family was \$30,973. The per capita income for the county was \$14,472. About 12.90% of families and 16.30% of the population were below the poverty line, including 19.60% of those age 65 or over.

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

#### RESPONSE:

The proposed project is accessible to all consumers, including women, racial and ethnic minorities and low-income groups. The services proposed herein, the central location of the facility within Wayne County make Waynesboro Health & Rehabilitation Center readily accessible to this population.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

#### RESPONSE:

There are no letters of Intent, CON applications nor approved and unimplemented CONs for additional nursing beds in Wayne County. The only licensed nursing home beds in this services are operated by the applicant, Waynesboro Healthcare, LLC. The Applicant obtained approved from the Tennessee Department of Health to place the beds in inactive bed status in order to obtain a CON for a replacement facility as previously noted. There are no dedicated certified skilled nursing beds in this service area.

Evaluation of the most current TN JAR reports for nursing facilities in the surrounding Tennessee counties show the need to offer Medicare, Level 2 services and a Secured Memory Unit. According to the JAR report, on the reporting day in September of the current report, 20 residents of Wayne County origin were in facilities outside of the Wayne County service area. The closest designated Secured Memory Unit is located in Decatur, Alabama, which is over 90 miles away from Waynesboro. A high number of Wayne County residents are recipients of Home Health Services from counties outside of the Wayne County service area. These reports clearly indicate the needs of the residents of Wayne County. Having these services offered by Waynesboro Health & Rehabilitation Center will allow residents to remain in their county of origin, remain close to their family and established medical providers. Please see the chart of utilization of facilities in the areas surrounding Wayne County as Attachment "16" Section C. 6.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

TABLE - Three Year Historical Occupancy Statistics from Tennessee Joint Annual Reports

Nursing Facility	Licensed Beds	2010 Patient Days	2011 Patient Days	2012 Patient Days	2010 Occupancy	2011 Occupancy	2012 Occupancy
Wayne County*	109	28674	28674	30198	72	72	75.9
Wayne Care*	46	12410	14965	15006	73.4	89.13	89.37

The above tables represent the past 3 years census for each of the separate facilities prior to the applicant assuming operations. This data was prepared and submitted by the prior operator, Wayne County.

#### **ECONOMIC FEASIBILITY**

- 1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
  - All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
  - The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

# Please see Attachment "17" Economic Feasibility-1

- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.
  - o Please see contractor documentation Please see Attachment "18" **Economic Feasibility-1**

#### RESPONSE

Please note that the projected costs do not include any "acquisition of site" amounts, as the operations of Wayne County Nursing Home are already owned by the applicant; however, \$55,100 is estimated as the cost to demolish an existing structure on the site of Wayne County Nursing Home (unrelated to the facility operations,) in order to allow the additional wing to be constructed on the existing site.

### PROJECT COSTS CHART

Α.	Cons	truction and equipment acquired by purchase:	
	1.	Architectural and Engineering Fees	\$ 262,000.00
	2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$ 50,000.00
	3.	Acquisition of Site	
	4.	Preparation of Site	\$ 550,000.00
	5.	Construction Costs	\$3,890,240.00
	6.	Contingency Fund	\$ 294,760.00
	7.	Fixed Equipment (Not included in Construction Contract)	
	8.	Moveable Equipment (List all equipment over \$50,000)	\$ 399,600.00
	9.	Other (Specify) Demolition of vacant building on site	\$ 55,100.00
000000 B.		isition by gift, donation, or lease:	
	1.	Facility (inclusive of building and land)	
	2.	Building only	
2.	3.	Land only	
•	4.	Equipment (Specify)	
	5.	Other (Specify)	
C.	Finar	ncing Costs and Fees:	
	1.	Interim Financing	\$ 93,915.00
	2.	Underwriting Costs	\$ 50,000.00
	3.	Reserve for One Year's Debt Service	·
	4.	Other (Specify)	: <del>Levereno - sorre de la cont</del>
D.	Estim (A+B	nated Project Cost +C)	
	`	•	\$5,645,615.00
E,	C	ON Filing Fee	\$ 12,702.63
F.	To	otal Estimated Project Cost	
	(D	+E)	8 2 2
	, -		\$5,658,317.63

2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)

- X A. Commercial loan—Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions; (Please see Attachment "19" Attachment C, Economic Feasibility-2)
- B. Tax-exempt bonds—Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
- D. Grants--Notification of intent form for grant application or notice of grant award; or
- E. Cash Reserves-Appropriate documentation from Chief Financial Officer.
- F. Other—Identify and document funding from all other sources.
- 3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

#### RESPONSE

The proposed project is reasonable in relation to similar facilities in the state. The cost per square foot is \$170.00 and the average cost per bed is \$104,783, as the new addition will accommodate 54 beds and dining area. These average costs are less than similar types of projects that have been approved in the past. Quality services and the continuum of care will be expanded in the local service area in a cost effective manner.

# Nursing Home Construction Cost Per Square Foot Years: 2011-2013

-	Renovated Construction	New Construction	Total Construction		
1st Quartile	\$25.00/sq ft	\$152.80/sq ft	\$94.55/sq ft		
Median	\$55.00/sq ft	\$167.31/sq ft	\$152.80/sq ft		
3 <sup>rd</sup> Quartile	\$101.00/sq ft	\$176.00/sq ft	\$167.61/sq ft		

Source: CON approved applications for years 2011 through 2013

4. Complete Historical and Projected Data Charts on the following two pages—<u>Do not modify</u> the <u>Charts provided or submit Chart substitutions!</u> Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include

anticipated revenue from the proposed beds only, not from all beds in the facility).

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

#### RESPONSE:

Year 1:

Average Gross Charge: 199.21 Average Deduction: (1.50) Average Net Charge: 197.71

Year 2:

Average Gross Charge: 212.71

Average Deduction (Contra Adj positive): +1.50

Average Net Charge: 213.83

## Wayne Care Nursing Home Historical Data Chart

			RICAL DATA CHART		- 111			_	
		information for the three (3) years for which		the	facility or			-	
	ager	ncy. The fiscal year begins inJULY	(Month).	ī		-			
	MAY	NE CARE NURSING HOME		١.,	Year 2012	=	Year 2013		Year 2014
Ą.	1	ization Data (Specify unit of measure)		P	atient Days 14377	P	atient Days 13,388	Р	atient Days 11,432
3,	Re	venue from Services to Patients							
	1	Inpatient Services		\$	2,311,554	\$	2,195,879	\$	1,796,92
-	2	Outpatient Services		Г					
	3	Emergency Services							
								1	
	4	Other Operating Revenue		L					4 700 00
			Gross Operating Revenue	\$	2,311,554	\$	2,195,879	\$	1,796,92
). C	Deduct	tions from Gross Operating Revenue							
	1	Contractual Adjustments		L					
	2	Provision for Charity Care							
	3	Provisions for Bad Debt		\$	(15,780)	\$	(9,226)	\$	
			Total Deductions	\$	(15,780)	\$	(9,226)	\$	
1E1	OPE	RATING REVENUE		\$	2,295,774	\$	2,186,653	\$	1,803,72
	perati	ng Expenses	7,447,0						
). O	1.	Salaries and Wages		\$	1,340,787	\$	1,333,740	\$	1,302,33
_	2.	Physician's Salarles and Wages		Т					
-	3.	Supplies		\$	246,976	\$	208,723	\$	182,71
	4.	Taxes		\$	1,274	\$	1,000	\$	1,15
	5.	Depreciation		\$	14,213	\$	12,036	\$	10,68
	6.	Rent		Г					
-10	7.	Interest, other than Capital		Г					
	8.	Management Fees:							
- Maii	1	a. Fees to Affiliates							
- 201		b. Fees to Non-Affiliates					01		
- 88-88	9.	Other Expenses (Specify) Contract Services, Ins exp, travel, utilities, education, minor equipment, QA Fee, Medical Director Fee		\$	642,567	\$	656,200	\$	663,20
		T	otal Operating Expenses	\$	2,245,817	\$	2,211,699	\$	2,160,09
. 01	ther Re	evenue (Expenses)Net (Specify)		\$	2,496	\$	(1,789)	\$	47,56
		RATING REVENUE		\$	52,453	\$	(26,835)	\$	(308,808)
. Ca	pital E	xpenditures							
	1.	Retirement of Principal							
	2.	Interest		\$	7,400	\$	8,218	\$	(10,04
		To	otal Capital Expenditures	\$	7,400	\$	8,218	\$	(10,04
IET	OPE	RATING INCOME (LOSS)							
		PITAL EXPENDITURES		\$	45,053	\$	(35,053)	\$	(318,85
	1				7				

## Wayne Care Historical Data Chart – Other Expenses

	WAYNE CARE			
	HISTORICAL DATA CHART-OTHE	CR EXPENSES		
	OTHER EXPENSES CATEGORIES	Year <u>2012</u>	Year <u>2013</u>	Year <u>2014</u>
1	QA Fees	\$ 102,400	\$ 102,350	\$ 102,350
2	Employee Benefits	\$ 175,226	188,429	201,322
3	Preemployment expense	1,763	896	705
4	Insurance (Health, Workers Comp, and, Liability)	76,057	93,961	114,024
5	Contract Services	89,573	95,987	79,861
6	Utilities and Telephone	61,241	67,640	67,225
7	Retirement Expense	52,674	49,848	46,049
8	Dues & Subscriptions	9,761	17,242	16,080
9	Travel & Meals	4,036	2,818	2,229
10	Advertising	744	263	235
11	Repairs & Maintenance	38,288	23,970	17,772
12	Office Expense	30,804	12,796	15,354
	Total Other Expenses	\$ 642,567	\$ 656,200	\$ 663,206

## Wayne County Nursing Home Historical Data Chart

A	agenc				cility or				
A	-	cy. The fiscal year begins inJULY_	(Month).				-		
A	WAYN	IE COUNTY NURSING HOME		Ye	ar 2012	٠,	Year 2013		Year 2014
	1	ation Data (Specify unit of measure)		Pat	ient Days 35995		atient Days 33452		atient Days 29982
В.	Reve	enue from Services to Patients							
	1	Inpatient Services		\$ :	5,107,099	\$	4,858,229	\$	4,543,385
	2	Outpatient Services					181		
	3	Emergency Services	and the second s	100					
	4	Other Operating Revenue					"		
			Gross Operating Revenue	\$ 5	5,107,099	\$	4,858,229	\$	4,543,385
C. D	eductio	ons from Gross Operating Revenue							
	1	Contractual Adjustments							
	2	Provision for Charity Care							
	3	Provisions for Bad Debt		\$	(20,349)			\$	(53,033
705	1111		Total Deductions	\$	(20,349)	\$	12	\$	(53,033
NET	OPER	ATING REVENUE		\$ 5	5,086,750	\$	4,858,229	\$	4,490,352
D 0			19.000	ļ				-	
D. Of	1.	Expenses Salaries and Wages		\$ 2	2,975,084	- 8	3,030,289	\$	2,800,714
	2.	Physician's Salaries and Wages		¥ .	2,070,001	+	0,000,200	Ť	
	3.	Supplies		\$	612,284	\$	602,570	\$	609,148
	4.	Taxes		\$	1,505	\$	1,906	\$	1,800
	5.	Depreciation		\$	109,470	\$	107,199	\$	106,105
	6.	Rent		<u> </u>	100,110			+	,,,,,,,
	7.	Interest, other than Capital				-			
	8.	Management Fees:				-			
	0,	a. Fees to Affiliates		ļ		+			
				-		_			
-		b. Fees to Non-Affiliates				-			
	9.	Other Expenses (Specify)	10	\$ 1	1,525,859	\$	1,467,389	\$	1,337,820
			Fotal Operating Expenses	\$ 5	5,224,202	\$	5,209,353	\$	4,855,587
E. Oth	her Reve	enue (Expenses)Net (Specify)		\$	18,993	\$	31,245	\$	(2,309)
NET	OPER	ATING REVENUE		\$	(118,459)	\$	(319,879)	\$	(367,544)
Car	pital Exp	penditures							
	1.	Retirement of Principal							
	2.	Interest		\$	37,962	\$	37,054	\$	40,958
			otal Capital Expenditures	\$	37,962	\$	37,054	\$	40,958
NET	OPER	ATING INCOME (LOSS)							2
_ESS	S CAPIT	TAL EXPENDITURES		\$	(156,421)	\$	(356,933)	\$	(408,502

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## Wayne County Historical Data Chart - Other Expenses

	WAYNE COUNTY				
	HISTORICAL DATA CHART-OTH	ER EXPE	NSES		
	OTHER EXPENSES CATEGORIES	Year	2012	Year <u>2013</u>	Year <u>2014</u>
1	QA Fees	\$	242,625	\$ 248,838	\$ 251,872
2	Employee Benefits		470,379	440,211	342,413
3	Preemployment expense		5,021	6,513	13,264
4	Insurance (Health, Workers Comp, and, Liability)		183,859	175,184	158,996
5	Contract Services		163,774	160,312	150,534
6	Utilities and Telephone		141,525	136,688	149,393
7	Retirement Expense		183,571	165,720	146,515
8	Dues & Subscriptions		2,429	10,963	8,656
9	Travel & Meals		22,690	12,147	11,562
10	Advertising		2,054	1,795	1,919
11	Repairs & Maintenance		62,068	64,209	50,830
12	Office Expense		45,864	44,809	51,866
	Total Other Expenses	\$ 1,5	525,859	\$ 1,467,389	\$ 1,337,820

### November 25, 2014 12:30 am

#### PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in \_\_\_\_JAN\_\_\_ (Month).

	Utilization Data (Total	Patient Dave		3 0	<b>/ear 2016</b> 43020	3	Year 2017 5110
	Revenue from Servic			-	43020	,	3110
8 :	57. EU S			œ	8,570,073	/ <b>C</b>	10,871,58
,	Inpatient Se			<u> </u>	0,070,073	-	10,071,00
	a's their salities with business	는 4g 문 Au 당하네요		-		6	
	Emergency	Ger Artes	9			-	
4	Other Oper	ating Revenue (Specify)_	_Meals & Acuity Payment	\$	223,674	\$	224,47
			Gross Operating Revenue	\$	8,793,747	\$	11,096,05
. Dec	luctions from Gross C	perating Revenue	25	,,		-	
. 1	Contractual	I Adjustments	*	\$	(64,382)	\$	56,83
2	Provision fo	or Charity Care					
3	Provisions	for Bad Debt	-v	\$	(39,556)	\$	(64,39
	4	ER FO	Total Deductions	\$	(103,938)	\$	(7,559
ET C	PERATING REVEN	ŮE	MO TO SERVE OF THE	\$	8,689,809	\$	11,088,49
			and the second of the second o				N. N.
Ope	ating Expenses	the r was a second	A Second			i	
1		Wages		\$	4,122,575	\$	4,444,05
2	Physician's S	Salarles and Wages		N Small project		- 6	
3	Supplies	MARKANT WHEN THE	# #5 m	\$	945,312	\$	1,201,13
4	Taxes			\$	33,600	\$	33,60
5	Depreciation		A content content tomas - ex l'autres action -	\$	24,000	\$	24,00
6	Rent	ies audition in the second	FORE PROPERTY OF THE	\$	720,000	\$	720,00
7	Interest, othe	r than Capital	PRINCIPAL DESCRIPTION OF STOCK OF THE	7		1	
8	Management	Fees:	The supplementary of the second state of the s	5			
	a. Fees to A	SERVICE TO SERVICE AND ADDRESS OF THE SERVICE AN	And the second second second second	\$	523,761	: \$	669,17
1	b. Fees to N	lon-Affiliates		1		1	4
	oran ikasaana	man and a second second	A AND THE PROCESS OF THE PROPERTY OF THE PROCESS OF THE PROPERTY OF THE PROPER	Ì		1	
	Sandone Inc	ses (Specify) Contract exp, travel, utlities,		all a	2	1	
9.	education, m	inor equipment, bad debt		\$	1,731,410	\$	2,468,57
, t	exp, QA Fee,	Medical Director Fee		1			
-		T	otal Operating Expenses	\$	8,100,658	\$	9,560,54
Othe	Revenue (Expenses)	n vinn, man is in man, a		\$	(36,744)	\$	(36,744
	PERATING REVENU	A STATE OF THE PARTY OF THE PAR	A strategy and the contract and the second section of the s	\$	552,407	s	1,491,21
	l Expenditures	WEEKS HER SECTAL POPULATION				ī	.,
1.	Retirement of	f Principal	Rather Person Ferral And Transport Ferral	¥cules F	A Special operation for the Associated	nn faine	MATERIAL CONTROL
2.	Interest	es de de la companya	ferdienthau hen creas, we was			4	
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33 (	APITAL EXPENDIT	NKE9	ទូកែល ខេ ខេស បុរស ខេស ស	\$	552,407	\$	1,491,213

### **SUPPLEMENTAL #1**

November 20, 2014 3:38 pm

# WAYNE COUNTY HISTORICAL DATA CHART-OTHER EXPENSES

*7	OTHER EXPENSES CATEGORIES		ar <u>2012</u>	Year <u>2013</u>	Ye	ar <u>2014</u>
1	QA Fees	\$	242,625	\$ 248,83	8 \$	251,872
2	Employee Benefits		470,379	440,21	1	342,413
3	Preemployment expense		5,021	6,51	3	13,264
4	Insurance (Health, Workers Comp, and, Liability)		183,859	175,184	4	158,996
5	Contract Services		163,774	160,312	2	150,534
6	Utilities and Telephone		141,525	136,688	3	149,393
7	Retirement Expense		183,571	165,720	0	146,515
8	Dues & Subscriptions		2,429	10,963	3	8,656
9	Travel & Meals		22,690	12,14	7	11,562
10	Advertising		2,054	1,79	5	1.919
11	Repairs & Maintenance		62,068	64,209	9	50,830
12	Office Expense		45,864	44,809	9	51,866
	Total Other Expenses	\$	1,525,859	\$ 1,467,38	9 \$	1,337,820

#### PROJECTED DATA CHART-OTHER EXPENSES

	OTHER EXPENSES CATEGORIES	15	Year	2016		Ye ar	2017
1	QA Fees		\$		423,588	\$	491,688
2	Medical Director Fee				12,000		24,000
3	Therapy Contract Services				367,793		789,053
4	Insurance (Health, Workers Comp, and, Liability)				240,767		287,762
5	Contract Services				312,650		406,552
6	Utilities and Telephone				178,248		274,796
7	Minor Equipment				29,492		33,306
8	Employee Education				15,295		7,009
9	Help Wanted			7	1,064	21	1,264
10	Travel & Meals				138,513		141,144
11	Legal & Accounting				4,800		4,800
12	Repairs & Maintenance				7,200		7,200
	Total Other Expenses		\$	94	1,731,410	\$	2,468,574
	8.1						
	OTHER REVENUE (EXPENSES)						
1	Property Insurance		\$		(22,344)	\$	(22,344)
2	Equipment Lease				(12,000)		(12,000)
3	Promotional Advertising				(2,400)		(2,400)
	Total Other Revenue (Expenses)	12	\$		(36,744)	\$	(36,744)

A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the 6. proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

#### RESPONSE:

Anticipated revenues are reflected on the Projected Data Chart on the previous page.

B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

#### RESPONSE:

The applicant is the only facility in the service area. See below table for adjoining service areas.

County	Facility Name	Wayne Patient Origin	Medicare	Medicaid Level I	Medicaid Level II	Private Rate	Private S/P Rate
		0	\$415	\$185	0	\$195	\$185
Decatur	Decatur Manor		\$395	\$185	0	\$195	\$185
Decatur	Westwood Health Care	0		\$149	0	\$153	0
Hardin	Harbett Hills Academy	3	0		\$175	\$190	\$180
Hardin	Hardin County N. H.	11	\$180	\$165			0
Hardin	Hardin Home Nursing Home	0	0	\$156	0	\$166	0
And the second name of the second	Park Rest Hardin Nursing Home	1	0	\$153	0	\$164	
Hardin	Savannah Health Care & Rehab	6	\$414	\$185	0	\$195	\$185
Hardin	Savannan Health Care & Rehab		\$333	\$157	\$178	\$207	\$200
Lawrence	Countryside Health Care & Rehab	0	\$412	\$165	\$178	\$215	\$205
Lawrence	NHC, Lawrenceburg			0	0	\$255	\$246
Lawrence	NHC, Scott	5	\$436		\$183	\$193	\$193
Lewis	Lewis County Nursing & Rehab	2	\$408	\$183		\$175	\$175
Perry	Perry County Nursing Home	0	\$175	\$175	\$175	\$175	ψ170

Source: Joint Annual Report, 2012

Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness. 7.

#### RESPONSE:

The projected utilization rates are reasonable. Based on the proposed utilization, the facility will have an operating gain the first and second years of operations.

Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

#### RESPONSE:

Historical financials indicate that operating the two facilities separately was not financially viable. The Projected Data Chart reflects financial advantage of operating the combined facilities. especially with dual certification.

Discuss the project's participation in state and federal revenue programs including a 9. description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare,

Medicare, or other state and federal sources for the proposal's first year of operation.

RESPONSE:

Waynesboro Health & Rehabilitation Center will participate in both Medicare and Medicaid/TennCare.

The projected mix for Year 1 is below:

Medicaid/TennCare: 76% (both level 1&2 combined)

Medicare: 10% Private Pay: 10%

VA: 2% Insurance 2%

The projected mix for Year 2 is below:

Medicaid/TennCare: 71%

Medicare: 15% Private Pay: 9% Insurance: 2%

VA: 3%

The proformas and projected census data for the first two years of operation of the project are included as Attachment "20" Economic Feasibility-9.

Provide copies of the balance sheet and income statement from the most recent reporting 10. period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

#### RESPONSE:

Please see Attachment "21" Attachment C, Economic Feasibility-10.

- Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
  - a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

#### **RESPONSE:**

The alternative to this project is "Status Quo." Operating the facilities separately (Status Quo) in an inefficient use of finances and staffing. Further the Wayne Care building is not conducive to expectations of modern nursing care due to many ward rooms and outdated amenities. There are no sinks and toilets in the patient rooms. For basic hygiene needs, residents must go down the hall to a communal restroom. Virtually every major system, as well as the structure, are outdated and in need of replacement. The current site of the 46bed facility is restrictive and will not allow a renovation. Also, operating two separate facilities is inefficient. Therefore, the replacement of this facility is best to be relocated and combined with the 109-bed facility.

b. The applicant should document that consideration has been given to alternatives to new

construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

The Wayne Care facility does not present viable renovation opportunities, nor is it efficient to operate two separate buildings. The Wayne Care property is land locked and would require a complete demolition of the building, which is impracticable on its existing site. The most practical option is to relocate the 46 beds to the site of the Wayne County facility, which does allow proper space and modernization. Also, the Wayne county facility is in very close proximity to the Wayne County Hospital (across the street) which allows for convenient access to hospital care and doctors offices. (Please see Attachment "11" Section B. III. (A) 2.)

# CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

#### RESPONSE:

Hospital:

Wayne Medical Center

Home Health:

(Once Dually Certified we will contract with Deaconess Homecare)

Hospice:

Volunteer Hospice; TN Quality Hospice

Medical Director:

Dr. Harish Veeramancaeni

Dental:

Heart Leas Dental

Pharmacy:

Middle Tennessee Pharmacy

Psychology:

Psych-Services, LLC

Podiatric:

Aaron M. Owens, DPM

Veterans:

VA

HMO:

BCBS/United/Amerigroup

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

#### RESPONSE:

The Applicant does not foresee any negative impact on the healthcare system. There are no other nursing facility providers in the Wayne County service area. The only foreseen effects on the adjoining counties would be that they would not receive residents of Wayne County origin. This is the only negative impact on the surrounding service areas. This impact is very minor in comparison to the positive impacts, of the Wayne County Service area, of offering the combined 155 beds in a modernized and renovated facility which offers increased skilled nursing services and the designated Secured Memory Unit.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

#### RESPONSE:

Staff salaries used in the financial projections are reasonable and in comparison with wage patterns of the area. During the transfer of residents from the Wayne Care facility to the Wayne County facility, many of the staff transferred as well. This was very instrumental in the success of the transfer of residents as they were kept in close care to those who cared for them at the Wayne Care facility. The Applicant took great care during this transition in regards to staff. The ability to staff the facility is of no issue as the nursing home is a major employer in the area. Further, wage and salaries used in the proforma projections are consistent with other similar service areas. Please see <a href="Attachment">Attachment "22"</a> Contribution to the Orderly Development of Health Care-3 for a summary of staffing and wage patterns.

	Expected		Hourly Wage Rage (25th to 75th		
Staff	Pay	/Hour	Percentile)		
Control of the Contro			\$16.50-\$31.35 (healthcare practitioner		
Director of Nursing	\$	31.87	and technical occupations)		
			\$16.50-\$31.35 (healthcare practitioner		
Assistant Director of Nursing	\$	31.44	and technical occupations)		
et 14		- 2	\$16.50-\$31.35 (healthcare practitioner		
MDS Coordinator	\$	23.74	and technical occupations)		
			\$16.50-\$31.35 (healthcare practitioner		
Staff Develop. Coordinator	\$	28.00	and technical occupations)		
	1 -11 10		\$16.50-\$31.35 (healthcare practitioner		
Unit Manager	\$	28.43	and technical occupations)		
Office Market			\$21.30-\$28.70 (healthcare practitioner		
RN	\$	25.14	and technical occupations)		
			\$14.25-\$18.10 (healthcare practitioner		
LPN	\$	16.56	and technical occupations)		
2			\$8.60-\$12.05 (health care support		
C.N.A.	\$	9.45	occupations)		
City, ti			\$10.45-\$17.20 (office and administrative		
Central Supply Staff	\$	12.00	support occupations)		
Certain Supply State	*		\$10.45-\$17.20 (office and administrative		
Medical Records	\$	14.92	support occupations)		
Dietary Director	Ś	17.50	\$8.50-\$18.90 (chefs & head cooks)		
Dietary Director	1	3 1 0 1			
14			\$9.10-\$15.75 (First-Line Supervisors of		
Distant Assistant Director	\$	16.16	Food Preparation and Serving Workers)		
Dietary Assistant Director	+-	70.20	\$8.30-\$11.80 (food preparation and		
Distance Chaff	\$	8.69	serving workers)		
Dietary Staff	1	0.03	\$8.00-\$11.60 (personal care and service		
	\$	9.40	occupations		
Laundry Staff	7	3.40	Cocapation		

Discount	\$	14.50	\$9.25-\$16.75 (supervisor of housekeeping & janitor workers)
Housekeeping Director	Ś	9.11	\$8.45-\$11.90 (janitors & cleaners)
Housekeeping Staff	12	9.11	38.43-311.50 (James 5 C steams)
Plant Director	\$	18.64	\$13.10-\$22.75 (First-Line Supervisors of Landscaping, Lawn Service, and Grounds)
Plant Assistant Director	\$	17.73	\$13.10-\$22.75 (First-Line Supervisors of Landscaping, Lawn Service, and Grounds)
Activities Director	\$	10.14	\$15.50-\$23.05 (community and social service specialists, all other)
Activities Staff	\$	9.47	\$10.35-\$14.80 (social and human service assistants)
Social Services Director	\$	21.02	\$17.80-\$25.60 (Healthcare Social Workers)
Social Services Staff	\$	14.50	\$10.35-\$14.80 (social and human service assistants)
Administrator	\$	41.00	\$22.00-\$43.40 (general and operations manager)
Admissions	\$	18.31	\$10.45-\$17.20 (office and administrative
Administrative Staff	\$	11.75	\$10.45-\$17.20 (office and administrative
Additional dates deci-			\$16.30-\$26.65 (first line supervisors/managers of office and
Business Office Manager	\$	19.72	administrative support workers)
HR Director	\$	19.76	\$24.25-\$43.25 (HR Managers)

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

#### RESPONSE:

As noted above, the ability to staff the facility is of no issue as the nursing home is a major employer in the area. Further, wage and salaries used in the proforma projections are consistent with other similar service areas.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

#### RESPONSE:

The applicant has reviewed and understands all licensing certification as required by the state of Tennessee for medical/clinical staff. Specifically, the applicant is familiar with the Rules of the Tennessee Department of Health, Board of Licensing Health Care Facilities, Chapter 1200-8-6,

Standards of Nursing Homes.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

RESPONSE: Not applicable.

Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health 7. (a) and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

#### RESPONSE:

The applicant has reviewed and understands the licensure requirements of the Department of Health, and/or any applicable Medicare and Medicaid requirements.

Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure:

RESPONSE: Copies of the Applicant's current nursing home licenses issued by the Tennessee Department of Health are included as Attachment "23" Contribution to the Orderly Development of Health Care-5.

Accreditation:

RESPONSE: Not applicable.

Certification:

RESPONSE: Tennessee Medicaid and CMS Medicare Certification requirements will be met upon completion of enrollment.

If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

RESPONSE: Copies of the Applicant's current nursing home licenses issued by the Tennessee Department of Health are included as Attachment "23" Contribution to the Orderly Development of Health Care-5.

For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

RESPONSE: Please see Attachment "24" Contribution to the Orderly Development of Health Care - 7 (d).

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entitles or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

RESPONSE: Not applicable.

Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

RESPONSE: Not applicable.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

RESPONSE: If the proposal is approved, the applicant will provide Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required. The applicant files a Joint Annual Report Annually.

#### PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

#### DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

- 1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
- 2. If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the "good cause" for such an extension.

Form HF0004
Revised 02/01/06
Previous Forms are obsolete

November 20, 2014 3:38 pm

#### PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): February 25, 2015. Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

**Anticipated Date Phase** DAYS REQUIRED (MONTH/YEAR) 1. Architectural and engineering contract signed 30 April 2015 2. Construction documents approved by the Tennessee Department of Health 150 Sept. 2015 3. Construction contract signed 180 October 2015 4. Building permit secured Nov. 2015 210 February 2016 5. Site preparation completed 300 February 2016 6. Building construction commenced 300 7. Construction 40% complete 420 June 2016 8. Construction 80% complete 540 October 2016 9. Construction 100% complete (approved for occupancy 600 December 2016 10. \*Issuance of license January 2017 630 11. \*Initiation of service January 2017 630 12. Final Architectural Certification of Payment 660 March 2017 13. Final Project Report Form (HF0055) 690 April 2017

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

<sup>\*</sup> For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

## **AFFIDAVIT**

STATE OF TENNESSEE
COUNTY OF BRADLEY
Kelli A. Canan, being first duly sworn, says that he/she
is the applicant named in this application or his/her/its lawful agent, that this project will be
completed in accordance with the application, that the applicant has read the directions to
this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-
11-1601, et seq., and that the responses to this application or any other questions deemed
appropriate by the Health Services and Development Agency are true and complete.
Leon a. Canan SIGNATURE/TITLE
Sworn to and subscribed before me this Hay of November, 2014 a Notary
Public in and for the County/State of BLADLEY   TENNESSEE
NOTARY PUBLIC NOTARY PUBLIC NOTARY PUBLIC
My commission expires 8 24 , 2013 . (Year)

# Waynesboro Healthcare, LLC Certificate of Need ~ Replacement Facility Attachments

Attachment "1"

Letter of Intent

Attachment "2"

**Proof of Publication** 

Attachment "3" Section A Item 3

Articles of Organization Operating Agreement EIN Verification

Attachment "4" Section A Item 4

Organization Structure Chart

Attachment "5" Section A Item 5

Management Agreement

Attachment "6" Section A Item 6

Operations Transfer Agreement
Purchase and Sale Agreement
Lease Agreement

Attachment "7" Section B. I. Project Description

**Executive Summary** 

Attachment "8" Section B. II. D. Need.

Wayne Care Photos

Attachment "9" Section B. II. D. Need.

Transfer Letters

Attachment "10" Section B. III. (A)

Plot Plan of Site - Boundaries

Attachment "11" Section B. III. (A) 2.

Plot Plan of Site – Property (Wayne County)

Plot Plan of Site – Property (Wayne Care)

#### Attachment "12" Section B. III. (A) 3.

Plot Plan of Site – Proposed Construction

#### Attachment "13" Section B. IV

Floor Plan – Proposed Facility

#### Attachment "14" Section C. 4.

Tennessee County Map - Proposed Service Area

#### Attachment "15" Section C. 5.

Department of Health "Inactive Bed Status" Determination

#### Attachment "16" Section C. 5.

Counties Surrounding Wayne County, TN, Statistical Data from JAR

#### Attachment "17" Economic Feasibility-1.

Lease

#### Attachment "18" Economic Feasibility-1.

Architect Documentation

#### Attachment "19" Attachment C, Economic Feasibility-2

Commercial Loan Letter

#### Attachment "20" Economic Feasibility-9.

Proforma

#### Attachment "21" Attachment C, Economic Feasibly-10.

Balance Sheet and Income Statement

#### Attachment "22" Contribution to the Orderly Development of Health Care-3

Staff Wage Rate Table

#### Attachment "23" Contribution to the Orderly Development of Health Care-5

State of Tennessee Licenses

#### Attachment "24" Contribution to the Orderly Development of Health Care - 7 (d)

Wayne County Nursing Home Annual Survey

Wayne Care Nursing Home Annual Survey

# Attachment "1" Letter of Intent

## Waynesboro Healthcare, LLC

485 Central Avenue, NE, Cleveland, TN 37311 \* 423-478-5953

November 4, 2015

Melanie M. Hill, Executive Director Tennessee Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

RE: Waynesboro Healthcare, LLC Certificate of Need Project

Dear Mrs. Hill,

Enclosed please find the Letter of Intent (in triplicate) on behalf of Waynesboro Healthcare, LLC regarding the CON application being filed with the Department for the replacement of Wayne Care Nursing Home.

The details of the project are disclosed on the attached Letter of Intent. Simultaneously, the Wayne County News is publishing the notice with the same information included in the Wednesday, November 5<sup>th</sup> edition.

If you have any questions or need additional information, please contact me at 423-478-5953. Thank you in advance for your assistance in this matter.

Sincerely,

Kelli A. Canan

**CON Project Manager** 

Cc: Thomas D. Johnson, Chief Manager

Kelli a. Canan

Mark D. Farber, Deputy Director Ann Reed, Director of Licensure

# Attachment "2" Proof of Publication



Part of group at Cascade Mountain waterfall.

back up the mountain in the dark might have made some a little uneasy but Hill Freeman with his wife, Carole, and Bobbie Stults with wife, Doris,

Stutis with wire, Dons, really enjoyed talking about horses & ranch life with the wagon drivers. The next day was spent driving though the heart of the Cascades with several photo stops and

... Washington lunch of locally grown organic produce at the organic produce at the Natural Interpretive Center. Three dams on Center. Three dams on the Skagit River, the Ross, the Diablo, and the Gorge, are referred to as the City Lights Dams as they provide the electricity for the city of Seattle. Leaving the areas of ice on craggy Cascade. Mountain heights, the motorcouch was driven onto a ferry was driven onto a ferry to cross over to the San

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SUITE 464
5217 MARYLAN WAY
BRENTAISO, TN
J7017
PHONE:
(615) 238-240

Juan islands. Friday Ilarbur was the busy village where lodging for the next 2 nights was provided Janey Edwards. Bussy Edwards. Marty McCarter, and Barbaru Coleman were out walking to the enticing restaurants. restaurants, many featuring senfood, all with views of the water. The next morning on a tour of the island, a local tradition, the guide introduced the history of the American and English eamps and the 1859 Pig War that originated over a dispute of the occupancy of the island. The ladies especially enjoyed a stop at the Pelindaba Farm, where the scent of the fields of lavender greefed Dottie Hutchinson, Joan Newland, and Pam Worsham as they stepped off the bus. There was

The last day in Washington was centered in Scattle beginning with a visit to Pike Place With a visit to Pike Place
Market where the huge
\$10 houses of megatolips and other locally
grown blooms made June
Vinson & Julie Guy wish
they could take hunches
home with them. The fish
home with them. The fish market always attracts visitors as fish are tossed from one worker to another to be packaged and sold. The afternoon another to be packaged and sold. The afternoon was spent enjoying the fantastic view from the Space Needle and then strolling thru the new permanent exhibit, Chihuly Gardens & Glass, The sight of these vivid band-blown works of art was an awesome finale to the Pueples Bank Grandeur of Washington Tour. The Mid-westerner Airport Control Center Fire nunsaged to make the trip home rather uncertain but blessings prevailed, Everyone arrived home safely; albeit a little Inter than expected. Once again the Peoples Bank Vitol Club and guests enjoyed a well-planned and expertly led four of another part of the beautiful country in tour of another part of the heautiful country in

> - - Submitted 30

which we are fortunate to reside.





#### **SAMANTHA MORROW** TSU 4-H Agent

WAYNE COUNTY 4-H HORSE CLUB

tacking, grooming, or riding a horse? What about Want to visit a horse farm, a horse trainer, and attend a horse show? If

you answered yes to any of these questions, then Are you interested in you need to join us!

Horse ownership is NOT required to learning horse safety participate in the 4-II or horse conformation? Horse Club, 4-II members only need a horse if they are showing a horse. Participants can still

NOTIFICATION OF INTENT TO APPLY

NOTIFICATION OF INTENT TO APPLY
FOR A CERTIFICATE OF NEED
This is in provide official nivite to the Health Services and
Development Agency and all intersured parties, in secondance
with T.C. A. Sae-II-16/01 et say, and the Rules of the Health
Services and Development Agency, that Waynershoot Health
Services are the services of the Services of the Health
Services and Development Agency, that I waynershoot Health
Services Management
Group, LLC, intends to file an application for a Certificate
Health & Rehabilitation Center (Lectone 2728) (Afch Wayne
County, Nursing Home), a 109-bed nursing facility located
1 (bd. J.V. Mangphal Druc, Waynestoor, TX 19484S, and
Wayne Care Nursing Home located at 505 South Main Street
1 (action of Licensed replacement nursing facility to desing the
4-feed facility at 505 South Main Street and combining the
1 (bd. J.V. Mangphal Thruc, Waynestoor, TX 19484)

\*\*More of the Services of the Ser

inton the Nutsing shome seed room. The estimated project cost is \$5.65(83).7.63.

The anticipated filing date of the application is on or before November 10, 2014. The contact person for this project is Kelli Canan. (CN). Purpoet manager, who may be reached at Health Services Management Girmy, 1885 Carda Verdue at Health Services Management Girmy, 1885 Carda Verdue photon normber is (423), 478-5953 and her email address is kelli canantify health theories ce.

Upon swritten required by interested parties, a local Fact-Finding public health and the conducted. Written requests for hearing should be sent to:

Health Services and Development Agency.

he posts heaving staff to constant with the stages of heaving should be sent to:

Health Services and Development Agency
Andrew Jackson Bailding, 9th Floor
503 Deuderick Street
Nashville, Tennessees 37243
Pursuant to T.C.A., 8e4-11-1607(c)(7), (A) Any health care institution withing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no laier than filten [15] days before the regularly scheduled Health Services and Development Agency melting at which the application in surfamily scheduled; and (5) Any other persons withing to oppose the application with the Health Services.

explore Roche Harbor on the north end of the island but it was definitely a favorite stop. That afternoon was spent on a whale watching cruise where a large hump-back whale played around the excursion boat for over an hour. There were many eagles and sea lions observed along the

LARGE enough to read compete and participate in horse events by giving a from a distance

8. Use letters that contrast well with your background (Ex: black speech or demonstration,

participating on a horse judging, horse bowl, or

judging, horse bowl, or the hypology team. The Wayne County 4-II Horse Club meets on the second Saturday of every munth The next meeting will be THIS Saturday, November 8 from 10 A.M. to Noon. For more information or to RSVP, please contact Shannow Zinn at 256-648-G889 or the

4-H NEWS November brings a new month of contests

new month of contexts for the classroom clubs in Wayne County – pusters and piggy banks. Fourth not fifth grades will be doing a poster with u + JI theme. This poster can be about anything 4-II related, and should have a catchy slogan that matches the content of the poster. Sixth grade will be doing a poster with a "Reduce. Sixth grade with ne doing a poster with ne "Reduce, Reuse, Recycle" theme, Eighth grade will be thing a poster with a "Walk Across Tennessee" theme.

The rules for the poster

& white)

& white)
9. Do not use glitter!
10. If the 4-H Clover is used (with the H's on it), it must be vertical. It cannot be tilted or have any pictures items on top of it! (It can, however, be used on top of other (tems!)

Seventh grade will be

sevenin grade with the creating piggy banks for the Piggy Bank Pageant. The piggy bank must be made from recyclable materials, and the 4-H member must make it. It does not have to be constitutely and whence the constitution of the production. If does not have to be specifically pig-shaped - the students have been shown examples during the previous meeting of piggy banks that competed in the state contest last year. There was everything from a paper-mache deer bead to a giant cupcake, and everything in between. The piggy bank must be no larger than 12 inches by 12 inches. There must be a way to get the money in and out.

If you have any questions about these contests, please contest of these contests.

The rules for the poster contest are as follows:

I. Posters must be 14 y classes contests, please contest of poster board) step of poster board)

Z. Posters must be 12 y classes contests, please contest of at the Wayne County of the Wayne County

2. Posters must be horizontal.
3. Name, address, school and teacher's name must be not the back of your poster.
4. Pusters must be made by the 4-H tmember.
5. Well-known centoon figures cannot be used on your poster because they are copyrighted. (Example: Bugs Bunny, Spongeboh, etc.)
6. Objects or materials cannot extend off the edge of the poster hoard and nothing 3-D.
7. Use letters thal are



### COUNTY LINE BUILDINGS



Our Buildings Come With: Heavy Duty 40 Year
Warranty Painted Metal Wide Selection of Colors Pressure Treated Floor Jour High Quality
 Polycarbon ate Skylight

• 3/4" Water Resistant Floor · Heavy Duty Skids

Sample pricing on Classic Dutch Mint Barns 10x15 - \$1515; 10x20 - \$1815 12x15 - \$1935; 12x24 - \$2600

Check out our many styles and low prices at www.countylineminibarns.com II Chele Miller at 024 502 2000

# The Wayne County News

#### WAYNESBORO, TENNESSEE

State of Tennessee, Wayne County:
Yan Cal to Bookkeeper of The Wayne County
News, a weekly newspaper printed and published at
Waynesboro, Wayne County, Tennessee, solemnly swear that the attached Notice was published in the
said newspaper forconsecutive issues,
beginning with the issue of 1105, 2014
and ending with the issue of 1/10.5, 20 /4
- Sisa Callon
Subscribed and sworm to perore me, a Notary
Public, in and for said county and state, this 5
day of Jones Notary Public
My commission expires 208
inches/words
inches/words \$
inches/words
inches/words
inches/words \$
inches/words
Total Publication Fees Due \$ 77.25



### State of Tennessee Health Services and Development Agency

Andrew Jackson Building, 9<sup>th</sup> Floor 502 Deaderick Street Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364

Fax: 615-741-9884

#### **PUBLICATION OF INTENT**

The following shall be published in the "Legal Notices" section of the newspaper in a space no smaller than two (2) columns by two (2) inches.

#### NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that Waynesboro Health & Rehabilitation Center, an existing licensed nursing home owned by Waynesboro Healthcare, LLC, a limited liability company, and to be managed by Health Services Management Group, LLC, intends to file an application for a Certificate of Need for the relocation and replacement of Waynesboro Health & Rehabilitation Center (License #278) (f/k/a Wayne County Nursing Home), a 109-bed nursing facility located at 104 J.V. Mangubat Drive, Waynesboro, TN 38485, and Wayne Care Nursing Home located at 505 South Main Street, Waynesboro, TN 38485 (License #277), a 46-bed nursing facility. The project will combine the two licensed facilities into one licensed replacement nursing facility by closing the 46-bed facility at 505 South Main Street and combining the beds by construction of an addition to the existing 109-bed facility located at 104 J.V. Mangubat Drive. Upon completion, Waynesboro Health & Rehabilitation Center will house the total combined 155-bed nursing facility, which will become dually certified for participation in Medicare and Medicaid and will include an 18-bed Designated Memory Care Unit. Presently, both existing nursing facilities are certified for Level 1/Medicaid only. There is no major medical equipment required for this project, and no new beds are being added from the Nursing Home Bed Pool. The estimated project cost is \$5,658,317.63.

The anticipated filing date of the application is on or before November 10, 2014. The contact person for this project is Kelli Canan, CON Project manager, who may be reached at Health Services Management Group, 485 Central Avenue Northeast, Cleveland, Tennessee 37311. Ms. Canan's telephone number is (423) 478-5953 and her email address is kelli.canan@healthservices.cc.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency Andrew Jackson Building, 9<sup>th</sup> Floor 502 Deaderick Street Nashville, Tennessee 37243

Pursuant to T.C.A. § 68-11-1607(c)(1), (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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The anticipated filing date of the application is on or before November 10, 2014. The contact person for this project is Kelli Canan, CON Project manager, who may be reached at Health Services Management Group, 485 Central Avenue Northeast, Cleveland, Tennessee 37311. Ms. Canan's telephone number is (423) 478-5953 and her email address is kelli.canan@healthservices.cc.

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# Attachment "7" Section B. I. Project Description

**Executive Summary** 

#### **Executive Summary**

Replacement Facility for Wayne Care Nursing Home.

#### Ownership Structure:

Lessor

Wayne Couny

Lessee/Licensee

Waynesboro Healthcare, LLC (99.99% Thomas D. Johnson Revocable

Trust U/A dated October 11, 2011.)

Management Company

Health Services Management Group, LLC (99.99% Thomas D.

Johnson Revocable Trust U/A dated October 11, 2011)

#### Operations Transfer History:

Waynesboro Healthcare, LLC began operations (by Operations Transfer Agreement) of two (2) nursing homes, Waynesboro Health & Rehabilitation Center (License #278) (f/k/a Wayne County Nursing Home); a 109 bed facility located at 104 J.V. Mangubat Drive, Waynesboro, TN 38485, and Wayne Care Nursing Home located at 505 S. Main Street, Waynesboro, TN 38485 (License #277); a 46 bed facility, on August 1, 2014.

#### **Project Description:**

To better serve the Wayne County community, the project will combine the two licensed facilities into one licensed facility (replacement facility). Specifically, closing the 46 bed facility at 505 S. Main Street, combining the beds (by constructing an addition) to the existing 109 bed facility located at 104 J.V. Mangubat Drive. Once the addition is complete, Waynesboro Health & Rehabilitation Center will have the proper space to house the total combined bed number of 155.

#### Services:

The facilities are both certified for Level 1/Medicaid only. A "bed change request" for <u>Dual Certification has been requested</u> by submitting a CMS-855a for initial Medicare enrollment. Further <u>18 of the licensed beds will be allocated to a new designated Secured Memory Unit for Alzheimer's and <u>Dementia Residents</u>. Both of these services are in great need in Wayne County. The applicant proposes to provide long-term care services from the replacement facility in the current and new units. The facility will accept most forms of private long-term care insurance. As a part of dual certification, the new constructed wing and existing space will accommodate rehabilitation space. The secured Memory Care Unit will offer activities of Daily Living.</u>

#### Service Area:

The service area for this project is Wayne County.

#### Major Medical Equipment:

There is no major medical equipment required for this project.

#### Project Cost:

The estimated project cost is \$5,658,317.63.

#### Funding: Letter of Interest from:

Georgia Commerce Bank 2970 Peachtree Road, Suite 100 Atlanta, GA 30305

Staffing:

Proposed direct patient care staffing in year 1 and year 2 includes the following:

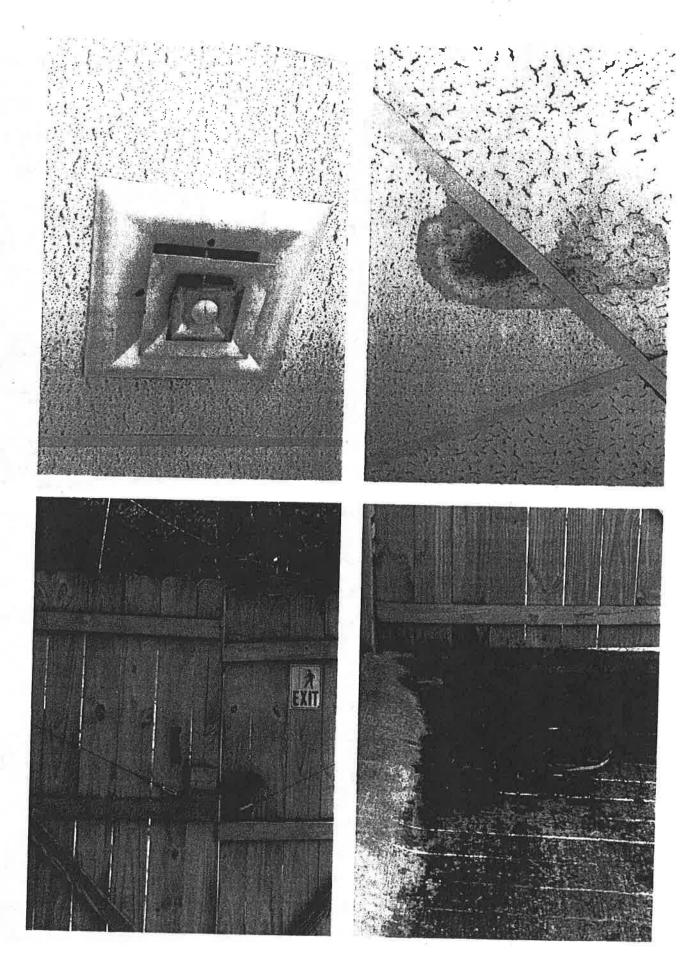
		Staffing Pattern	
		Year 1	Year 2
		FTE's	FTE's
Direct Nursing	Nursing Admin	7	7
Direct Nursing	RN	5	5
	LPN	14	14
	CNA	38	38
	Rehab Aide		2
	Activities	2	3
	Social Svs	1.8	1.5
Total FTE's		67.8	70.5

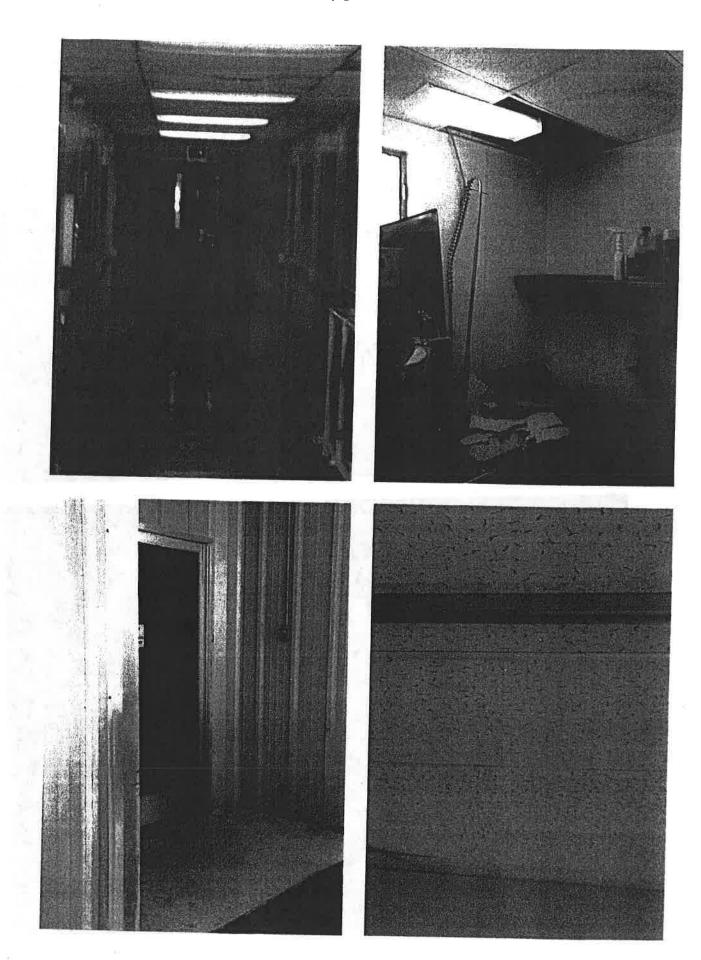
#### Financial feasibility:

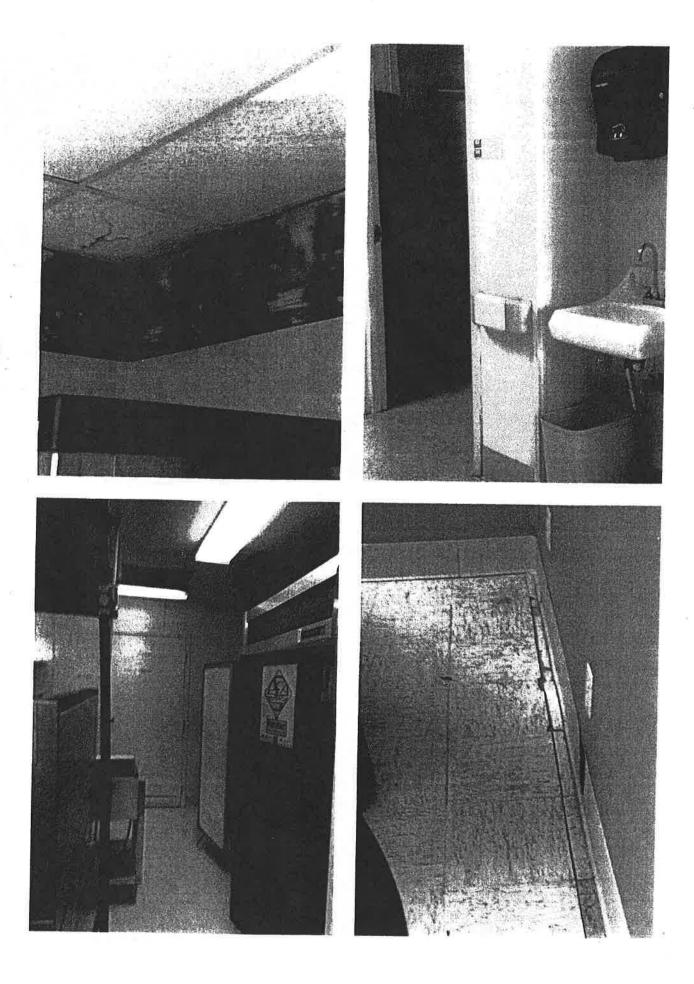
After analysis of the market rates, cost of construction, and the projected utilization as a result of expanded services, the project is financial viable to carry the debt service at competitive rates.

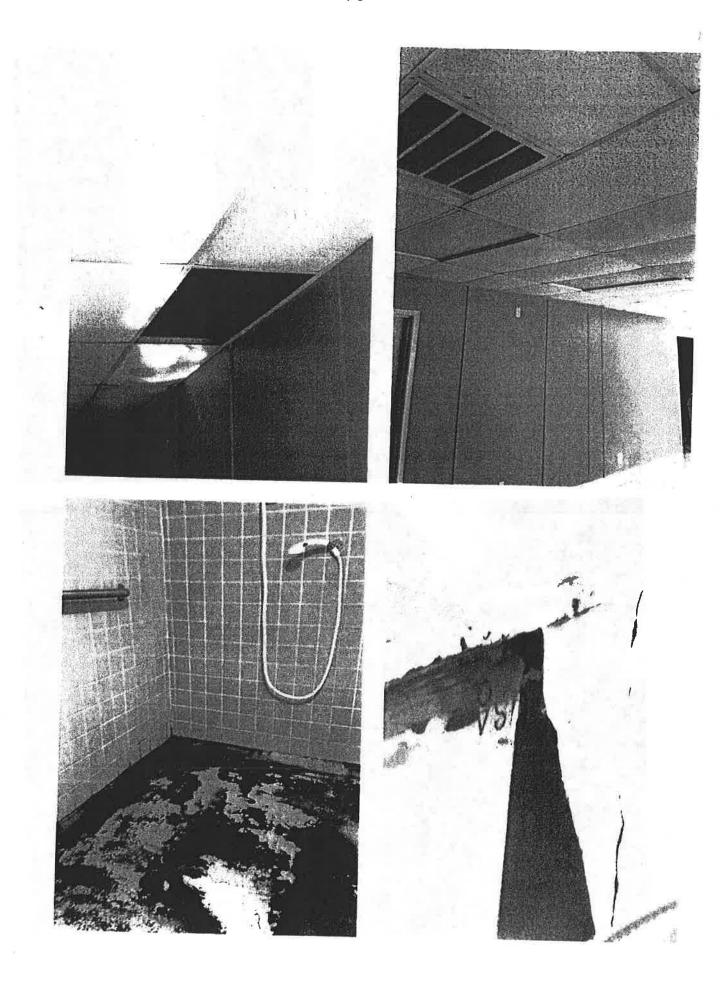
# Attachment "8" Section B. II. D. Need. Wayne Care Photos

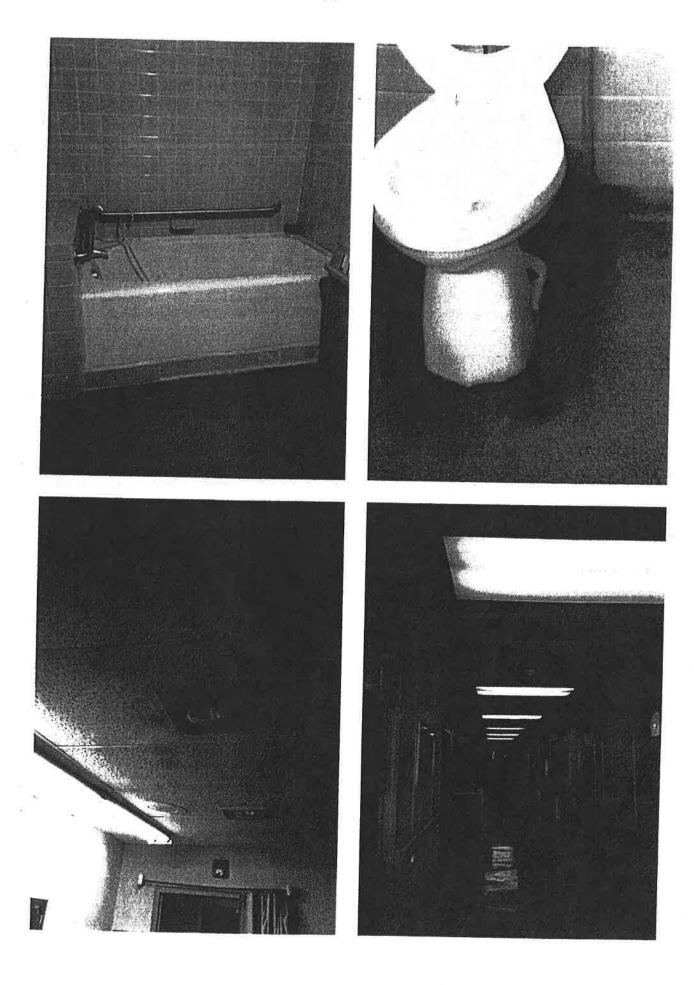


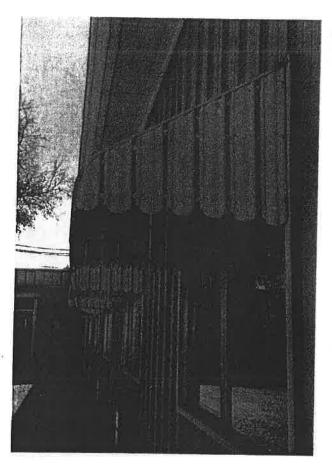














## Attachment "9" Section B. II. D. Need. Transfer Letters



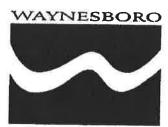
August 11, 2014

To the Residents and Families of Wayne Care Nursing Home:

After an extended consideration and review, Health Services has reached the difficult decision to close the Wayne Care facility while extending to everyone the opportunity to move to a combined facility located at the Wayne County building. In accordance with regulatory requirements, we have been in contact with state officials notifying them of this decision and this letter will serve as a 30 day advance notice for all residents to be transferred from the facility.

From our first visit to your home at Wayne Care, the quality of life provided to the residents has been remarkable. The "care" in the facility name has been well earned. Unfortunately, the ongoing viability of the operation is simply not able to match the servant hearts of those who live and work in this special place.

However, our commitment to creating special places to live and work remains strong as Health Services is planning to bring Medicare skilled services to Waynesboro by certifying the Wayne County Nursing Home building as the county's first option for post-hospital Medicare stays.



Health & Rehabilitation Center

With a brand new name, Waynesboro Health and Rehabilitation Center will be a unifying symbol of both quality and recovery as combination of both the Wayne County and Wayne Care community families. Fortunately, the existing Wayne County Building already has bed availability to accommodate all of the Wayne Care residents and includes many amenities not available in your current building. Of course, you have the right to choose where you would prefer to transfer, but we pledge to foster the same community spirit in this new merger "on the hill".

We will be meeting with staff individually, as well as hosting family meetings this week to answer any questions about the days ahead and to partner with you as you make decisions. Additionally, we have notified the local area Ombudsman, Mr. Rick Lucas, to be an additional resource to you.

Sincerely

Ray Tyler, COO



Ms Ann Reed, Director of Licensure Board for Licensing Health Care Facilitites 655 Mainstream Drive Nashville, TN 37243

Ms Marsha Neuenschwander, Director of Certification Division of Health Facilities 227 French Landing, Suite 501 Heritage Place Metrocenter Nashville, TN 37243

Ms Shirley Jones, Regional Administrator West Tennessee Regional Office 2975C Highway 45 Bypass Jackson, TN 38305

August 1, 2014

#### RE:

## **LETTER OF INTENT TO CLOSE**

Wayne Care Nursing Home 505 South High Street Waynesboro, TN 38485 Current License number: 0000000277

## VIA ELECTRONIC MAIL DELIVERY

As disclosed to Shirley Jones via telephone on July 31, Health Services Management Group, licensed operator of Wayne Care Nursing Home intends to close the building and to place the 46 licensed beds in "inactive" status. Further, the intent is to relocate the licensed beds to Wayne County Nursing Home (also operated by Health Services Management Group) with request filing to the Health Services Development Agency.

On August 11, 2014, we plan to inform the residents of Wayne Care Nursing Home of the closing and to allow them the required 30 days advance notice in accordance with T.C.A. Chapter 1200-08-06-.05(15). During the week of August 11, family meetings will be conducted to further ensure all residents are informed of their right to select any licensed facility for placement and to assist with any questions. The local area Ombudsman will also be notified to assist in the process as needed. Our goal is to make the transition as easy for the residents and families as possible. A copy of the letter to residents and families is attached to this letter of intent.

As you can imagine, this news will be challenging to not only the affected residents but to the community as a whole and we ask that you understand the confidential nature of this disclosure until all can be unveiled and managed according to the timelines we have provided.

Please contact me directly with any questions you may have about these plans.

Sincerely,

Raymond L. Tyler, Jr.
Chief Operating Officer
Health Services Management Group

ATTACHMENT: Wayne County Resident/Family Notification Letter



August 27, 2014

Ms. Shirley Jones, Regional Administrator West Tennessee Regional Office Tennessee Department of Health 2975C Highway 45 Bypass Jackson, TN 38305

Ms. Ann Reed, Director of Licensure Board for Licensing Health Care Facilities Tennessee Department of Health 665 Mainstream Drive Nashville, TN 37243

RE: Waynesboro Health and Rehabilitation Center

104 J.V. Mangubat Drive Waynesboro, TN 38485

Current License number: 0000000278

Wayne Care Nursing Home 505 South High Street Waynesboro, TN 38485 Current License number: 0000000277

## Dear Ms. Jones and Ms. Reed:

Please allow this letter to serve as a follow up notification and confirmation of the transfer of residents from Wayne Care Nursing Home, a 46 bed facility, to Waynesboro Health and Rehabilitation Center, formally known as, Wayne County Nursing Home, a 109 bed facility.

On August 1, we notified the Department of our intent to transfer residents along with a copy of the letter distributed to the residents and their families. As of August 23, 2014, all residents have safely discharged the Wayne Care building without incident. Aligned with the discharge of the entire resident population, Wayne Care has ceased operations as of August 23, 2014.

The only remaining task is the "official" transfer of resident trust accounts; however, the trust remains in the management of the same operating company as all residents did elect to transfer to Waynesboro Health and Rehabilitation Center.

Ms. Shirley Jones Ms. Ann Reed August 27, 2014 Page 2

We believe the new consolidated facility will benefit the citizens of Waynesboro and the surrounding Wayne County area greatly; particularly once Medicare Certification is achieved.

With this letter we believe that we have satisfied regulatory and communication requirments related to these resident transfers according to our understanding of the process as described in our phone conversation with Ms. Reed on May 7, 2014.

Again, we are requesting that the 46 licensed beds associated with Wayne Care Nursing be placed in "inactive status" as these beds will not be in operation until they are merged with the 109 beds at the Wayne County facility under a common license. We plan to attend the licensure board meeting on September 10th to discuss our intent to place these licensed bed in inactive status during the CON process.

Please let me know if you have any questions, concerns or need additional information from us.

Sincerely,

Raymond L. Tyler, Jr.
Chief Operating Officer
Health Services Management Group

Cc: Melanie Hill, Executive Director

Tennessee Health Services and Development Agency

Jan Priddy West Tennessee Regional Office

Regina Moody West Tennessee Regional Office

Thomas D. Johnson, Chief Manager Waynesboro Healthcare, LLC

## Attachment "10" Section B. III. (A) Plot Plan of Site - Boundaries

(i) P(ii)

NOTE: IMPROVEMENTS ARE SHOWN ON PREVIOUS TOPOGRAPHIC SURVEYS.

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386 E. BIG SPRINGS ED
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CITY OF WAYNESBORO FIRST CIVIL DISTRICT WAYNE COUNTY, TENNESSEE TAX MAP 77C GROUP A PARCEL 20 DATE: OCTOBER 7, 2014 FILE NO. 14-76 AREA: 3.228 ACRES+/-

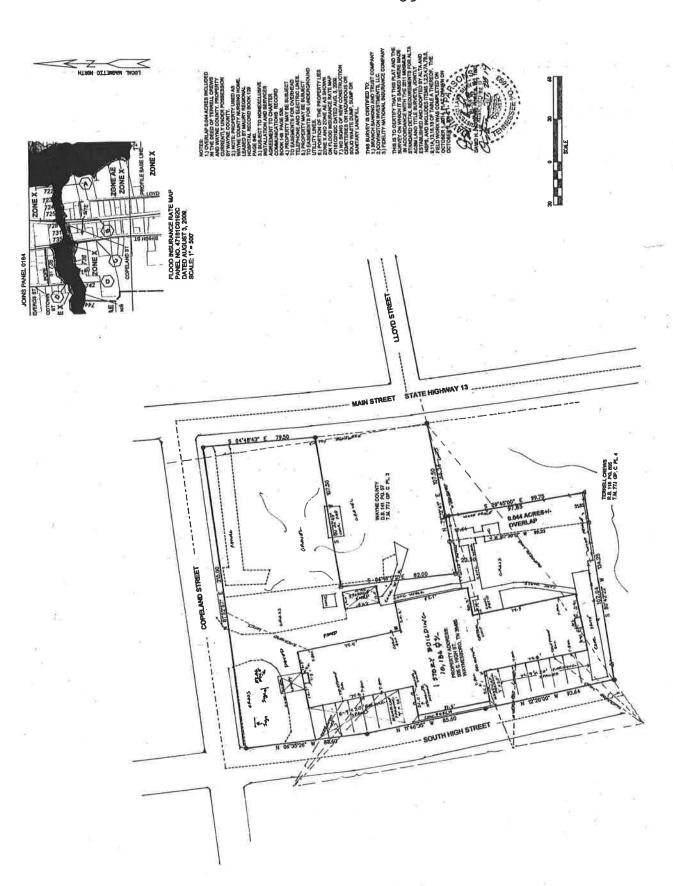
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Attachment "11" Section B. III. (A) 2.

Plot Plan of Site – Property (Wayne County)

Plot Plan of Site – Property (Wayne Care)

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FRANCE COUNTY TENYESSEE Вляче Вомите Вомите Семиои, Іис. WAYNE COUNTY NURSING HOME The file state date, declared for the semestanes to account of the semestanes. To account our desirability of the semestanes to account the semestanes are account to the semestanes to account to the semestanes. The semestanes to account to the semestanes to account to the semestanes. BEARMES AND DISTANCES HONCATED THUS | JAME DEED CHLLS AND | JARE PLAT - MORTH IS BASED ON THE TENNESSEE COUNDMATE SYSTEM OF 1843 (MAD 1843) ETERBANDIA SAME BASE ON MAVD 1889, USING GEORD 250J FOR URTHOME 1905 HTD PROPERTY MAP NO 17E, UROUP A 8 - CONTOLIN INTERNAL CHIEFCOPT CONTOLINS WENE WITCHOLATED FIND SHOTS TAKEN ON A SOFOOT WITERVAL สังกับ อังงารักงา WAYNE COUNTY GENERAL HOSPITAL DEED BOOK K2, PAGE 373, R.O.W.C. SURVEYOR'S CERTIFICATE
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WAYNE COUNTY
RECORD BOOK 9, PAGE 445, R.O.W.C. WAYNE COUNTY, TENNESSEE RECORD BOOK 83, PAGE 467, R.O.W.C. (2.01) JAMES V. DRAIN AND LÜNA E. DRAIN TRUST RECORD BOOK 28, PAGE 53, R.O. W.C. WAYNE COUNTY BANK RECORD BOOK RS, PAGE 768, R.O.W.C. JAMIES FRANK BUNDRANT. AND WIFE SHERRY BUNDRANT DIEED BOOK 77, PAGE 345, R.O.W.C, IRONMANN PROPERTIES, G.P. RECORD BOOK 121, PAGE 949, R.O.W.C. JAMES V. DRAIN AND LONA E. DRAIN TRUST, RECORD BOOK E. PAGE 50. R.O. W.C. VICINITY MAP



DEED BOOK 112 PAGE 209 CITY PROPERTY
DEED BOOK 112 PAGE 209 CITY OF WAYNESBORD
TAX MAP 77.3 GROUP C PARCELS 1 & 2
FIRST CANL DISTRICT WAYNE COUNTY, TENNESSEE
AREA: 0.901 ACRESA+: DATE: OCTOBER 7, 2014
FILE NO. 14-116

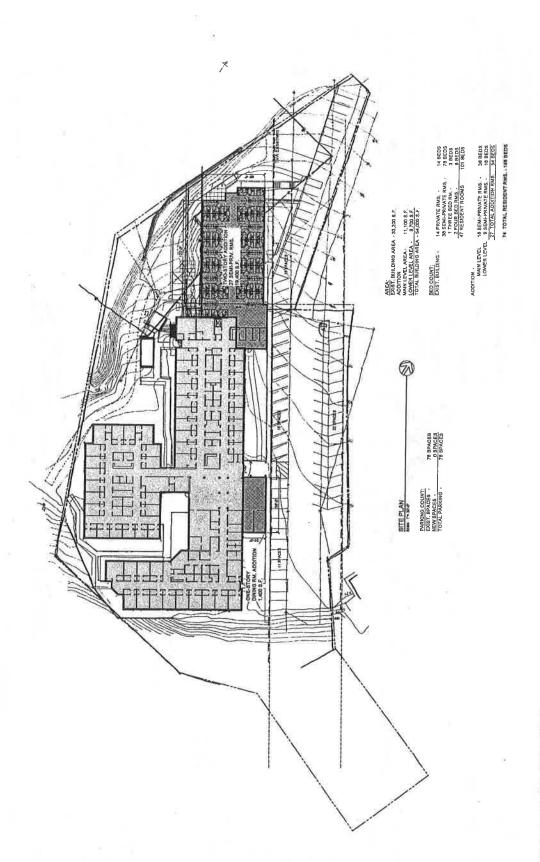
P. SURTRING F. BIG SPRINGS RD WRENGEBURG, IN 2044 FORE (511) 279-1296

THE PART OF THE PARTY.

Attachment "12" Section B. III. (A) 3. Plot Plan of Site – Proposed Construction

PROPERTY LINE AND POOPPHIC SURVEY
FAIRLANE DRIVE AND PRAN STREET

WATHERSOND, MATHE COUNTY, TENNESSEE The state of the second second **BM**20 WAYNE COUNTY NURSING HOME c N The first paid adds suches withinks is the Approximate AREA OF the Business (ODT) business and additional section of the Business and ATE SAPANA SECTION OF THE SAPANA CONTRACTOR OF THE SAPANA CONT . NORTH IS BASED ON THE TEMBESSEE COUNDMINE STSTEM OF 1881 (NAC) 1883) LEEVATONS AND MASS ON IMPO-1884, USANO OLEONO 7813 FOR ORTHAMETRIS PRESE SETEMBARTHON Despitation of MOT (CCLITE IN a R) OOD NICHOLD AREA ACCORDING
TERRIAL PARTICIONO MANAGEMENT ACENCY PLOID INCOME. RATE AM
COMMENTY NO 17201, PANEL NO DING C DATED ACCUSTS THE 1045-สีลีเพล ลักษาที่เกล WAYNE COUNTY GENERAL HOSPITAL DEED BOOK R2, PAGE 373, R.O.W.C. DEED REFERENCE PARCEL IN - BEING PROPERTY CONFERS TO WAYNE COLUM! PANCEL 27 - BENG PHOPENTY: CONVEYED TO WAYNE COUR RECORD BOOK 101. PANE YN R.O.W.C NO TITLE REPORT WAS FURNISHED TO THIS SURVEYOR PLAT REFERENCE PARCE 21-REPICTO NO 18 AS SHOWN ON THE SUBL OF RECORD WANT CABRET 2, PAGE 39, R D W C 8 CONTOUR WIEHVALONE FUOT CONTURNS WENT SHOTS TAKEN ON A SO-FOOT WIEHVAL PROPERTY MAP REFERENCE BENG MARCEL IT AS MOTH ON HIS WE COLNETT I BENG MAP TO AS MOTH OF HIS WE COLNETT I CHITCHES MAP TO **Bed Nursing** Existing 109 Existing 109 Bed Nursing ocation of the addition to P/O(20) WAYNE COUNTY NO RECORD FOUND demolished and is the the North Side of the Home This building will be AREA= 127,931 SQ. FT., OR 2.94 ACRE +/-Home. PIO(44)
WAYNE COUNTY
RECORD BOOK 9, PAGE 445, R.O.W.C. WAYNE COUNTY, TENNESSEE RECORD BOOK NJ. PAGE 467, R.O.W.C. Constitution of the second (720) JAMES V, DRAIN AND LONA E DRAIN TRUST RECORD BOOK 28, PAGE 53, R.O.W.C. WAYNE COUNTY BANK RECORD BOOK 88, PAGE 768, R.O.W.C. JAMES FRANK BUNDRANT, AND WIFE SHERRY BUNDRANT DIEED BOOK 72, PAGE 345, R.O.W.C. (19,01) IRONMANN PROPERTIES, G.P. RECORD BOOK 121, PAGE 949, R.O.W.C. The state of the s

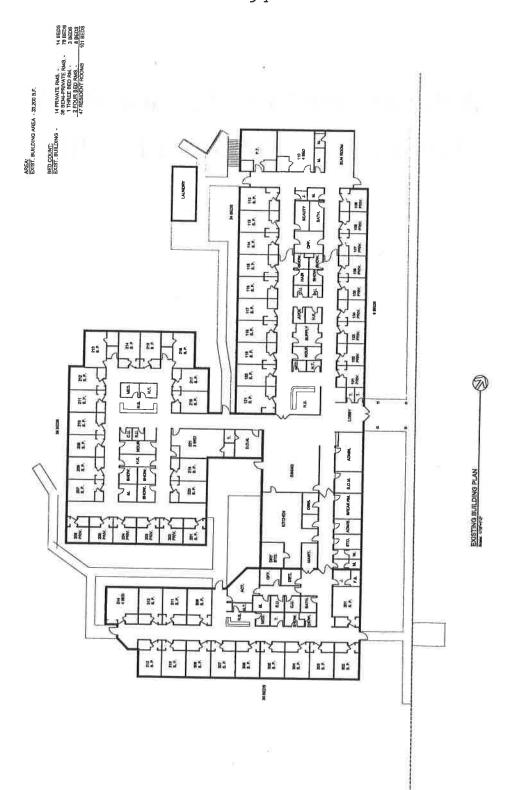


Wayne County
Skilled Nursing Facility Addition
"Specific Addition"

Crankin Section

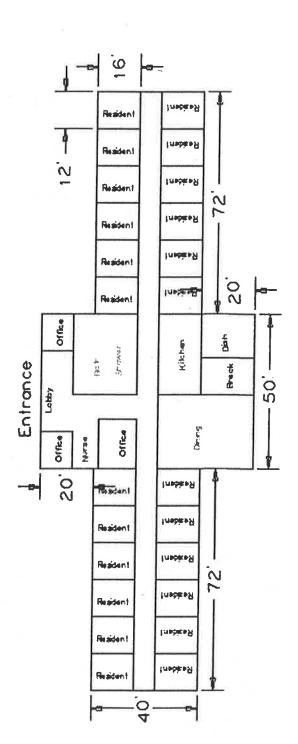
Schematic Site Plan 1" = 30'-0"

## Attachment "13" Section B. IV Floor Plan – Proposed Facility



franklin architects

Existing Building Plan



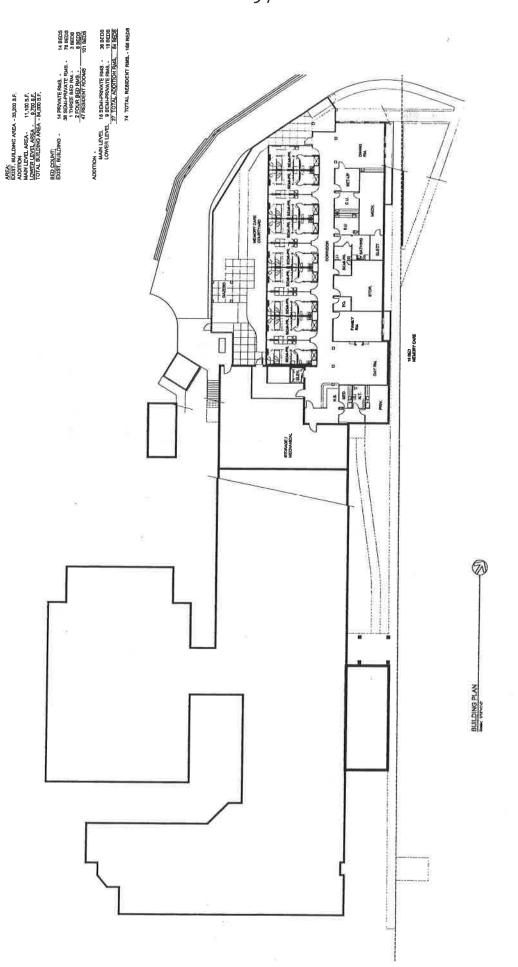
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Total Sq F1

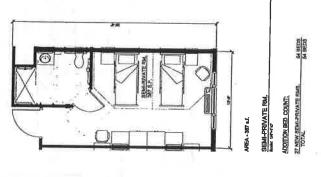
franklin architects

Schematic Main Level Plan



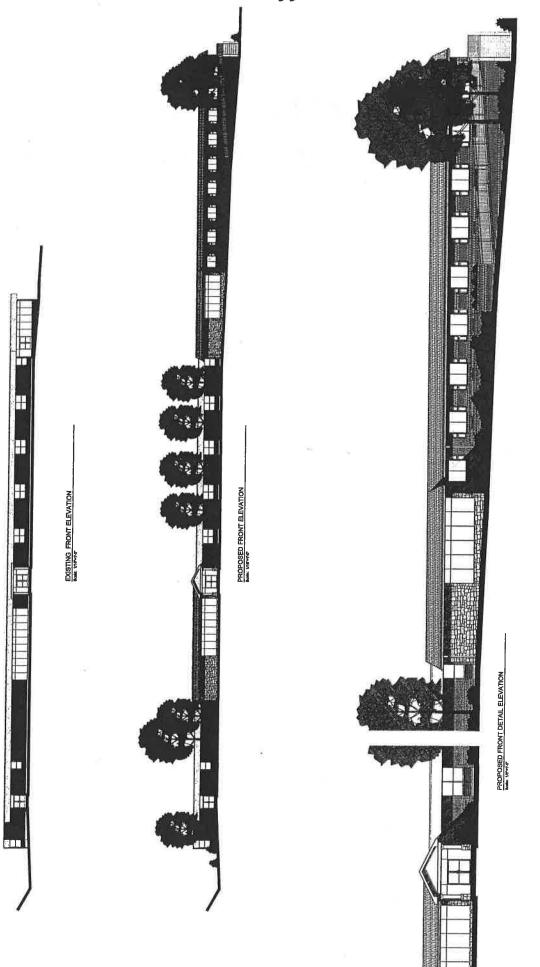
franklin architect

Schematic Lower Level Plan



ranklin architects

Resident Room Plan

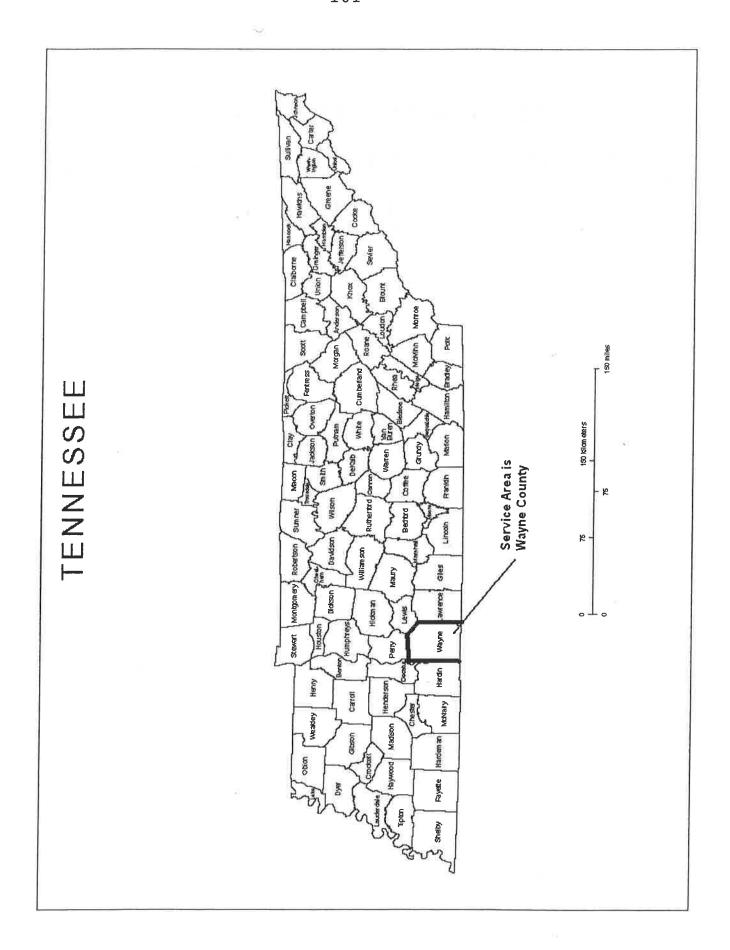




Schematic Elevations 1/8" = 1'-0"

## Attachment "14" Section C. 4.

Tennessee County Map – Proposed Service Area



# Attachment "15" Section C. 6. Department of Health "Inactive Bed Status" Determination



# STATE OF TENNESSEE DEPARTMENT OF HEALTH DIVISION OF HEALTH LICENSURE & REGULATION OFFICE OF HEALTH CARE FACILITIES 665 MAINSTREAM DRIVE, SECOND FLOOR NASHVILLE, TENNESSEE 37243 TELEPHONE (615) 741-7221 FAX (615) 741-7051

October 24, 2014

Mr. Thomas D. Johnson, Chief Manager Waynesboro Healthcare, LLC 485 Central Avenue Cleveland, TN 37311

RE: Waiver request: Inactive Status for Wayne Care Nursing Home, Waynesboro #277

Dear Mr. Johnson:

The Board for Licensing Health Care Facilities met on September 10, 2014. The following request was granted:

A WAIVER WAS GRANTED TO ALLOW WAYNE CARE NURSING HOME'S, WAYNESBORO, LICENSE TO BE PLACED ON INACTIVE STATUS THROUGH MAY 10, 2015.

Board action was taken in accordance with Section 68-11-206, Chapter 11, Tennessee Code Annotated, which gives the Board authority to place a license in an inactive status.

Please notify this office in writing of any changes to prove that you are meeting the requirement that was waived.

If you have any questions you may contact this office at (615) 741-7221.

Singerely,

Ann Rutherford Reed, RN, BSN, MBA

Director of Licensure

Division of Health Care Facilities

ARR/weh

cc: Chris Puri, Attorney, BABC

WTRO File

**Dolores Willis** 

# Attachment "16" Section C. 6. Counties Surrounding Wayne County, TN, Statistical Data from JAR

# Counties Surrounding Wayne County, TN

Hardin County, TN Harbert Hills Hardin County Nursing Home Hardin Home Nursing Home	Origin of Wayne	ALZ	Home Health Serving Wayne Residents	Hospice Serving Wayne	Total Licensed Beds	Medicare Certified Beds	Medicald Certified Beds	% Utilized	Miles from Waynesboro
Harbert Hills Hardin County Nursing Home Hardin Home Nursing Home Dark Reet Hardin County									
Hardin County Nursing Home Hardin Home Nursing Home	3	n/a			49	49		98.1	25
Hardin Home Nursing Home	1	n/a			73	73	73	8.06	30
Dark Roet Hardin County	0	n/a			39		39	89.1	30
r alk nest Haidill Coulty	1	n/a			62	0	62	79.2	30
Savannah Health & Rehabilitation Center	9	n/a			120	120	120 .	86.7	33
Deaconess Home Health			303						
HMC Home Health			15						
Unity Hospice Care of Tennessee				4					
TOTAL	11		318	4					
Decatur County, TN									
Decatur County Manor	0	n/a			125	125	125	84.5	43
Westwood Health Care and Rehabilitation Center	0	n/a			06	90	06	90	38
TN Quality Home Care			101						
Volunteer Home Care			163						
TOTAL	0		264						
Lawrence County, TN						ù			
Countryside Healthcare	2	n/a			162	162	162	72	26
NHC Healthcare, Lawrenceburg	0	n/a			96	51	45	97.5	27
NHC Healthcare, Scott	5	n/a			9	9	0	88.8	29
TOTAL	7		0						
Lewis County, TN									
Lewis County Nursing & Rehabilitation	2	n/a			131	131	131	91.7	29
TOTAL	2		0						
Perry County, IN Perry County Nursing Home	C	e/a			114	114	114	83.3	96
TOTAL	0		0						
Wayne County, TN									
Volunteer Hospice				21					
COMBINED TOTAL	20	0	582	25					
* Data from 2010 TALLAD.									
* Data from 2013 TN JARs									

## Attachment "18" Economic Feasibility-1. Architect Documentation



Franklin Associates, Architects, Inc.

142 N Market St. PO Box 4048 , Chattanooga , TN 37405

423.266.1207

November 4, 2014

Mr. Neal Acree Health Services Management Group, LLC 485 Central Ave. NE Cleveland, TN 37311

Re: Waynesboro Skilled Nursing Facility

Addition

Waynesboro, Tennessee

#### Mr. Acree:

We have reviewed the project Square Footage and Cost per Square Footage Chart that has been prepared for the CON to the State of Tennessee for the proposed skilled nursing facility addition located off J V Mangubai Road in Waynesboro, TN. Based on the information shown in this form, and historical budgeting information, we estimate the project cost to be \$5,052,100. This figure is based on the following line items:

a.	A/E fees:	\$ 262,000
b.	Building Demolition:	\$ 55,100
c.	Site Preparation cost:	\$ 550,000
d.	<b>Building Construction cost:</b>	\$3,890,240
e.	Contingency fund:	\$ 294,760

To the best of my knowledge and belief, the facility will meet the 2010 FGI standards as noted in the Guideline for Design & Construction of Health Care Facilities and all applicable local, state and federal standards.

Sincerety,

Wyatt Leonard, AIA

**Architect** 



Franklin Associates, Architects, Inc.

142 N Market St. PO Box 4048. Chattanooga. TN 37405

423.266.1207

October 23, 2014

Mr. Neal Acree Health Services Management Group, LLC 485 Central Ave. NE Cleveland, TN 37311

Re: Waynesboro Skilled Nursing Facility

Addition

Waynesboro, Tennessee

#### Mr. Acree:

We have reviewed the codes required for the proposed skilled nursing facility addition in Waynesboro, Tennessee. Since there are two sets of codes required at this location, we will use the most stringent where conflicts occur. The following codes will are adopted by the reviewing authorities:

## **Tennessee Department of Health Code Requirements:**

- 1. 2012 International Building Code
- 2. 2012 International Plumbing Code
- 3. 2012 International Mechanical Code
- 4. 2012 International Fuel Gas Code
- 5. 2012 NFPA1, excluding NFPA 5000
- 6. 2012 NFPA 101 Life Safety Code
- 7. 2005 National Electrical Code
- B. 2002 North Carolina Accessibility Code with 2004 Amendments
- 9. 2010 Americans with Disabilities Act (ADA)
- 10. 2010 Guidelines for Design and Construction of Health Care Facilities
- 11. 2007 ASHRAE Handbook of Fundamentals

Mr. Neal Acree page 2 October 20, 2014

#### The City of Waynesboro, TN Code Requirements:

- 1. 2006 International Building Code
- 2. 2006 International Plumbing Code
- 3. 2006 International Mechanical Code
- 4. 2006 International Fuel Gas Code
- 5. 2006 NFPA1, excluding NFPA 5000
- 7. 2005 National Electrical Code
- 8. 2002 North Carolina Accessibility Code with 2004 Amendments
- 9. 2010 Americans with Disabilities Act (ADA)

To the best of my knowledge and belief, the proposed project will be designed and built to conform to applicable federal standards, manufacturer's specifications, and licensing agencies requirements.

If you have any further questions, please feel free to contact us at your convenience.

Sincerely,

Wyatt Leonard, AIA

Architect



Franklin Associates, Architects, Inc.

142 N Market St . PO Box 4048 . Chattanooga . TN 37405

423.266.1207

October 23, 2014

Mr. Neal Acree Health Services Management Group, LLC 485 Central Ave. NE Cleveland, TN 37311

Re: Waynesboro Skilled Nursing Facility Addition Waynesboro, Tennessee

Mr. Acree:

The project description is as follows:

The existing skilled nursing facility is a one-story 33,200 non-combustible structure with a partial basement. The I-2 occupancy, sprinklered building has block walls and bar joist roof structure, and concrete floor structure. We believe it to be a 1-hour protected structure. The project consists of demolishing an adjacent one story structure to build a new two-story 54 bed skilled nursing addition. The site would be graded to construct a two-story 19,400 s.f. addition off the North side of the existing facility and a 1,400 s.f. addition off the East side. The lower floor of the North addition will house 18 beds (in 9 semi-private rooms) in a memory care unit with enclosed outdoor spaces, its own dining and living rooms, and the required service areas. The lower level will also house mechanical and storage areas. The upper floor will have 36 beds in 18 semi-private rooms, dayroom and service areas. All the new resident rooms will be semi-private rooms. A new elevator will connect the upper and lower levels and will be large enough to allow the movement of beds.

The East addition will expand the existing dining room and replace two offices that are being demolished. The dining room, lobby and entry porch will be remodeled and opened up. The remodel will require temporary barriers to separate the construction zone from the operating nursing facility. This addition will provide much needed additional dining space.

Mr. Neal Acree page 2 October 20, 2014

The project will also include new sidewalks, landscaping, site amenities, and paving. The completed facility will have 155 beds and be 54,000 s.f. The occupancy will be I-2 and it will be a Type IIA constructed building.

To the best of my knowledge and belief, the proposed project will be designed and built to conform to applicable federal standards, manufacturer's specifications, and licensing agencies requirements.

If you have any further questions, please feel free to contact us at your convenience.

Sincerely,

Wyatt Leonard, AIA

Architect



#### Quote Submitted To:

Health Services Attn: Neal Acree Phone: 864-316-2527

Email: neal.acree@healthservices.cc

October 20, 2014

Job# 14-0343D

We hereby submit our Proposal for:

Waynesboro Health Department

Scope of Work:

Obtain necessary asbestos and demolition permits

Asbestos abatement of approximately 4,000 square feet of floor tile and mastic under carpet

Provide 3rd party air clearances

Manifest and dispose of asbestos waste

Provide closeout documents detailing EPA and OSHA compliance

Coordinate cut and cap of utilities

Recover and recycle refrigerants from mechanical units

Remove and recycle bulbs and ballasts

Install erosion control for demolition activities

Demolition of existing building including slab and footers

Demolition of sidewalks to main sidewalk at parking lot

Demolition of rock wall and stairs on North side of building

Wood retaining wall on North and West sides to remain

Rough grade effected area

Seed and straw effected area

We will complete all work as specified above (weather permitting) upon receipt of duly signed agreement and/or notice that the owner is ready for work to commence on the job. We are adequately covered with Public Liability, Property Damage and Workman's Compensation Insurance. LIC#00058732

We will furnish all labor, materials, machinery, equipment and services, and perform and complete the work as specified above for the consideration of all salvable materials on the premises, with the exceptions as noted above.

\*\*\* Fifty Five Thousand One Hundred Dollars and Zero Cents \*\*\* (\$55.100.00). Terms are Net 30 days.

Upon completion of the project as specified above, interest charges will be added at 1.5% per month on past due invoices. In the event collection of any amount due hereunder is placed in the hands of an attorney for collection, or in the event it becomes necessary for Demo Plus, Inc. to bring legal action to enforce any provision of this agreement, the undersigned agrees to pay to Demo Plus, Inc., in addition to all other relief to which Demo Plus, Inc. may be entitled, all costs and expenses of such collection or enforcement including, but not limited to, reasonable attorney's fees, and all such relief shall be cumulative.

BY: 52 73

Scott Bennett (615) 456-8719 sbennett@demoplusinc.com

NOTE: This proposal may be withdrawn by us if not accepted within 30 (thirty) days.

ACCEPTANCE OF PROPOSAL

The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outline above.

Signature

Date





## Attachment "19" Attachment C, Economic Feasibility-2

Commercial Loan Letter



2970 Peachtree Road NW Suite 100 Atlanta, GA 30305 Phone 404,240,5000 Fax 404.814.9745

November 7, 2014

Mr. Mitch Skipper Chief Financial Officer Waynesboro Healthcare, LLC 485 Central Avenue, NE Cleveland, TN 37311

Re: Confirmation of Financing Availability

Dear Mr. Skipper:

I understand you are submitting a Certificate of Need (C.O.N.) application in conjunction with the acquisition of two skilled nursing properties located in Wayne County, Tennessee. These properties are currently leased from Wayne County (Landlord) to Waynesboro Healthcare, LLC (Tenant). Once the acquisition is complete, ownership will transfer to Wayne Real Estate Investors, LLC, and Waynesboro Healthcare, LLC, will remain the Tenant. The operations of both centers will be combined, and the resulting facility (Waynesboro Health & Rehabilitation Center located at 104 JV Mangubat Drive, Waynesboro, Tennessee) will consist of a total of 155 skilled nursing beds. The C.O.N. reviewable cost of the project will be approximately \$5,700,000.

Georgia Commerce Bank (GCB) has a longstanding relationship with John E. McMullan, managing member of the impending ownership entity, Wayne Real Estate Investors, LLC. GCB has entered into a number of financing arrangements with Mr. McMullan and his related entities, and we are prepared to extend project funding for this capital endeavor, subject to credit approval, should the C.O.N. application be approved.

In support of this project and other related Wayne County facility enhancements, we anticipate that we will fund at least \$6,000,000 to Wayne Real Estate Investors, LLC, subject to credit approval.

It is our pleasure to assist with your banking needs.

Sincerely,

Senior Vice President

cc: Mr. John E. McMullan

### Attachment "21" Attachment C, Economic Feasibly-10.

Balance Sheet and Income Statement

Balance Sheet

 $as\ of\ 8/31/14$  Waynesboro Health and Rehabilitation Ctr (WB)

Page 1 of 2 10/24/14 9:51 AM GLBalShtLandscape

320,936.02 (31,646.89) Amount (13,465.58) (44,112.47) (25,546.88) 1,000.00 8,528.86 285,526,29 529.30 (66,767.29) 26,222.72 45,307.08 18,420.00 29,545.10 4,723.92 35,255.63 35,784.93 (66,767.29) 920.00 2,973.75 392,727.09 2,383.76 2,495.52 3,303.76 ACCOUNTS RECEIVABLE - RESIDENTS PROPERTY, PLANT & EQUIPMENT INTERCO - WAYNE CO/HSMG INTERCOMPANY ACCOUNTS BUILDING IMPROVEMENTS A/R - MEDICAID CLEARING A/R - HOSPICE CLEARING NON-CURRENT ASSETS A/R - PRIVATE CLEARING OTHER CURRENT ASSETS A/R MEDICAID PENDING FURNITURE & FIXTURES Total CURRENT ASSETS PREPAID INSURANCE **CURRENT ASSETS** PREPAID EXPENSES CASH - PETTY CASH A/R - MEDICAID ICF CASH-OPERATING CASH - PAYROLL A/R EMPLOYEES PREPAID OTHER A/R - HOSPICE A/R - PRIVATE Description A/R - OTHER ASSETS A/R - VA 1000-113-00 1000-110-00 1900-000-00 1000-090-00 1000-100-00 1000-114-00 1100-100-00 1100-110-00 1100-118-00 1100-122-00 1100-125-00 1100-128-00 1100-150-00 1100-180-00 1100-188-00 1200-100-00 1300-400-00 1300-515-00 1300-100-00 1300-185-00 1500-200-00 1500-210-00 1500-260-00 1700-400-00 1650-100-00 1700-000-00 1700-600-00 Account

Balance Sheet

Page 2 of 2 10/24/14 9:51 AM GLBalShtLandscape

as of 8/31/14

Waynesboro Health and Rehabilitation Ctr (WB)

(395,526.24) \$338,186.76 17,250.74 \$338,186.76 733,713.00 (42.51)Amount (3,158.50)(328,000.00) (67,526.24) 11,823.98 112,710.83 522,710.83 87,743.91 123,169.10 100.04 17,250.74 410,000.00 3,147.62 211,002.17 ACCUM DEPR COMPUTER EQUIPMENT ACCRUED LEGAL & ACCOUNTING NOTES & ACCOUNTS PAYABLE NOTE PAYABLE - COVINGTON RETAINED EARNINGS - PRIOR Total NON-CURRENT ASSETS A/P - MONTHLY ACCRUALS Total CURRENT LIABILITIES Total LIABILITIES & EQUITY YTD NET INCOME (LOSS) COMPUTER EQUIPMENT LIABILITIES & EQUITY **CURRENT LIABILITIES** ACCRUED LIABILMES GARNISHMENTS W/H ACCRUED SALARIES ACCRUED INTEREST Total ASSETS Total EQUITY Description A/P-TRADE 1700-900-00 1700-909-00 2300-140-00 2500-240-00 3000-300-00 2000-000-00 2000-100-00 2000-105-00 2000-110-00 2100-133-00 2100-135-00 2400-210-00 2400-320-00 2500-263-00 3000-000-00 3000-400-00 Account

Page 1 of 7 10/24/14 9:51 AM GlStmtOpLandscape PPD Budget

Statement of Operations
Waynesboro Health and Rehabilitation Ctr (WB)

8/1/14 to 8/31/14

PPD	ACIMO	4	155.64	(2.14)	153.50	ď	9	153.50	151.51		37	132.75	14.27	147.02			0.00		2 5	153.50	153.50	4	153.50	17.67	171.17	168.96		49	0.10	0.10	169.06	
YTD	(fee	217	33,775	465 *	33,310	182	760 76	362	27,575		2,269	301,199	32,384	333,583	52.958	4,682	57,639		120	10,420	18,420	243	37,301	4,294	41,595	512,121		3,031	298	298	512,419	٥
YTD	100				0				0					О			0				9				0	0				0	0	
YTD Actual	150	/17	33,775	(405)	33,310	182	27.937	(362)	27,575	2 260	607'7	32,384	100,20	333,583	52,958	4,682	57,639	720	18 420	18 420	071.01	243	37,301	4,294	41,595	512,121	200	150,5	298	298	512,419	
Account	\$600-100-00 PRIVATE PAY	_		Total DDIWATE DAY			4010-121-00 CDP - MCAID SKL PENDING	5010-121-00 C/A CERT PENDING MCAID SKL	Total MEDICAID PENDING	4000-102-00 MEDICAID ICF Dave	ICE - MEDICAID	5020-220-00 C/A ICF - MEDICAID	Total MEDICALO			5020-220-01 C/A ICF - MEDICAID - WAYNE CARI	Total ICF MEDICAID - WAYNE CARE	1000-105-00 VA Dave	TIFIED - VA	Total VA				5010-180-00 C/A CERTIFIED HOSPICE	Total HOSPICE	Total PATIENT REVENUE	\$000-109-00 OTHER INCOME	MEALS - GUEST/FMP! OVER	Table Office Mooner	Mai Other INCOME	Total REVENUE	6000-004-00 OPERATING EXPENSES
PPD Budget	4	. 4	· LO	800		4	4	2	0.00 T	4	4	ū	00 0		4	<u>v</u>	0.00 Te	4	74	0.00 Te	•	4	94	100	0.00 To	0.00 To	40	49	1000		0.00 To	9
PPD Actual	7	155.64	(2.14)	153.50		ဖ	153.50	(1.99)	151.51	73	132.75	14.27	147.02				0.00	4	153.50	153.50	o	0 4	153.50	/0./1	171.17	168.96	86	0.10	0.10		169.06	
Month Dig	217	33,775	465*	33,310		182	27,937	362*	27,575	2,269	301,199	32,384	333,583	040	52,958	4,582	57,639	120	18,420	18,420	243	27.304	1304	167'1	41,595	512,121	3,031	298	298	-	512,419	
Month Budget				0					0				0				0			0					-	0			0		0	
Month Actual	217	33,775	(465)	33,310	187	201	156,12	(362)	5/2/2	2,269	301,199	32,384	333,583	52.958	4.682	7,007	57,639	120	18,420	18,420	243	37.304	4 294	44.606	666,14	512,121	3,031	298	298	077	912,419	

\* Unfavorable Differences

6000-010-00 NURSING - ADMINISTRATIO

6000-005-00 NURSING

Waynesboro Health and Rehabilitation Ctr (WB)

8/1/14 to 8/31/14

Page 2 of 7 10/24/14 9:51 AM GIStmtOpLandscape

1	TAUTA	Month	PPD	PPD		YTD	VTD	VTD	Uga	ğ
Actual	Budget	Did	Actual	Budget	Account	Actual	Budget	Dia	4ctual	PPU
23,917		23,917*	7.89	6000-110-00	NURSING ADMIN SALARIES	23 847	c	0.000	CLIMA	Zung
6,429		6,429*	2.12	6000-110-01	NURSING ADMIN SALARIES	E 429		- 118.57	7.89	
982		*88	0.32	6000-120-00	NURSING ADMIN VAC/SICK/OTHER	674,0		6,429	2.12	
125		125*	0.04	6000-120-01	NURSING ADMIN VAC/SICK/OTHER	395		982	0.32	
3,384		3,384*	1.12	6000-130-00	NURSING ADMIN PAYDOLI TAYES	123		125	0.04	
16		16*	0.01	6000-200-00	NIESING ADMIN STEDETES	3,364		3,384	1.12	
614		614*	0.20	8000-300-00	NIESING ADMIN MINOS COLIDAGE	9 3		16 "	0.01	
828		828*	0.27	6000-320-00	NURSING ADMIN CONTRACT SERV	674		614 *	0.20	
19		19*	0.01	6000-335-00	NIESING ADMIN EDITOATION	070		828	0.27	
1,350		1,350*	0.45	6000-351-00	NURSING ADMIN WORKERS COME	9 2 6		19	0.01	
781		781*	0.26	6000-352-00	NI IDESING ADMIN OPOLICI MENTING	000,1		1,350 *	0.45	
6,008		6.008	198	6000-358-00	NOTICE ADMIN GROOF INSURAL	781		781	0.26	
31		31*	0.01	6000-364-00	NORSING ADMIN TRAVEL NURSING ADMIN HELP WANTED	6,008		6.008	1.98	
44,485	0	44,485	14.68	0.00 Total NURSIN	Total NURSING - ADMINISTRATION	44 485		0 0 0	0.01	
				6000-005-00	CHIRCH				2	5
24,057		24,057*	7.94	6100-112-00	CERT SALARIES-RN	24.057			ľ	
2,380		2,380*	0.79	6100-112-01	CERT SALARIES-RN	2.380		24,037	7,94	
50,737		50,737*	16.74	6100-114-00	CERT SALARIES-LPN	50.737		2,360	0.79	
11,552		11,552*	3.81	6100-114-01	CERT SALARIES-LPN	11.557		11 552 •	10.74	
61,388		61,388*	20.25	6100-116-00	CERT SALARIES-CNA	61.388		200.1A	30.00	
14,083		14,083*	4.65	6100-116-01	CERT SALARIES-CNA	14,083		14 083 *	4.65	
12,498		12,498*	4.12	6100-120-00	CERT VACATION/SICK/OTHER	12,498		12.498 *	4 12	
233		233*	0.08	6100-120-01	CERT VACATION/SICK/OTHER	233		233 *	80.0	
495		495*	0.16	6100-125-00	CERT NURSING BENEFITS	495		495 *	0.16	
20,495		20,495	6.76	6100-130-00	CERT NURSING PAYROLL TAXES	20,495		20.495 *	6.76	
1,755		1,755*	0.58	6100-200-00	CERT NURSING SUPPLIES	1,755		1755 *	0.58	
439		439*	0.14	6100-300-00	CERT NURSING MINOR EQUIPMEN	439		439	0.00	
279		279*	0.09	6100-335-00	CERT NURSING EDUCATION	279		* 622	600	
7,301		7,301*	2.41	6100-351-00	CERT NURSING WORK COMP	7,301		7 301 -	2 41	
4,961		4,961	1.64	6100-352-00	CERT NURSING GROUP INSURAN	4,961		4.961	1 64	
44		44*	0.01	6100-364-00	CERT NURSING HELP WANTED	4		44	0.01	
212,695	0	212,695*	70.17	0.00 Total NURSII	Total NURSING - CERTIFIED	212,695	0	212,695	70.17	0.00
257,180	0	257,180	84.85	0.00 Total NURSING	אַפ	257,180	0	257,180	84.85	0.00
				6000-040-00	ANCILLARY EXPENSES					
5 189		n 0	ì		RADIOLOGY					
>>		201.0	1.7.1	6310-320-00	RADIOLOGY CONTRACT SERVICE	400				

\* Unfavorable Differences

Waynesboro Health and Rehabilitation Ctr (WB)

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8/1/14 to 8/31/14

5,189 1,16 3,530 1,16 3,530 1,16 3,530 1,16 1,539 0,51 142 0,05 142 0,05 142 0,05 142 0,05 142 0,05 15,820 2,58 231 0,00 68 0,02 160 0,02 160 0,02 17,86 0,02 17,96 0,04 2,862 0,04 3,486 1,15 20,859 6,88 1,225 0,40 1,001 1,225 0,40 1,225 0,40 1,225 0,25 43 0,01	Month Actual	Month Budget	Month Diff	PPD Actual	PPD YTD Budget Account	YTD Budget	YTD Did	PPD	PPD
1,539	5,189	0	5,189	1.71	Total RADIOLOGY	.     0	5,189	1.71	0.00
1,139   1,15	3,530	·	3,530*	1.16			• • •		
1,539   0,54   600-400-40   MEDICAL SUPPLIES   1,559   1,559   0,51     1,539   0,05   6390-1000 CENTT SUPPLY SIALKES   1,529   1,559   0,51     2,522   0,15   6390-2000 CENTT SUPPLY MIXTAKES   1,529   1,529   0,55     2,522   0,15   6390-2000 CENTT SUPPLY MIXTAKES   1,520   1,520   1,530   1,530     2,522   2,54   6390-2000 CENTT SUPPLY MIXTAKES   1,520   1,520   1,530   1,530     2,522   2,54   6390-2000 CENTT SUPPLY MIXTAKES   1,520   1,520   1,530   1,530     3	3,530	0	3,530	1.16	Total LABORATORY	0	3,530	1.16	000
1,539   0.51   6350-11-00 GENT SUPPLY SALARIES   1,539   1,539   1,539   0.55     2,502   1.44   6350-20-00 GENT SUPPLY PRIVAGE   5,522   1,42   0.05     2,502   2.54   6350-20-00 GENT SUPPLY MON-CHARGE   5,522   2,202   0.73     2,502   2.54   6350-20-00 GENT SUPPLY CHARGEABLE   2,202   2,202   0.73     2,503   2,54   6350-20-00 GENT SUPPLY CHARGEABLE   2,202   2,202   0.73     2,51   0.03   6350-20-00 GENT SUPPLY CHARGEABLE   2,202   2,202   0.73     2,54   0.03   6350-20-00 GENT SUPPLY CHARGEABLE   2,202   2,202   0.73     2,54   0.03   6350-20-00 GENT SUPPLY CHARGEABLE   2,202   2,202   0.73     2,54   0.03   6350-20-00 GENT SUPPLY CHARGEABLE   2,202   2,202   0.73     2,54   0.03   6350-20-00 GENT SUPPLY CHARGEABLE   2,202   2,202   0.73     2,54   0.03   6350-20-00 GENT SUPPLY WON-GEND PROPER CHARGEABLE   2,202   2,202   0.73     2,54   0.03   6350-20-00 GENT SUPPLY WON-GEND PROPE CHARGEABLE   2,202   0.73     2,54   0.03   6350-20-00 PHARMACY PRECEIPINGS   2,203   0.73     2,54   0.03   6350-20-00 PHARMACY PRECEIPINGS   2,545   0.74     2,56   0.04   6400-20-00 PHARMACY PRECEIPINGS   2,545   0.74     2,56   0.									
142   6185-10400 CENTRAL SUPPLY DRI TAXES   142   162   163   16	1,539		1,539*	0.51	CENT SUPPLY SALARIES		1 530 •	0 54	
5,582 / 2, 144         463,000-00 GENTAL SUPPLY NON-CHARGE         5,582 / 5,202 / 5,202 / 5,202         1,503 / 5,202 /	142		142*	0.05	CENT SUPPLY P/R TAXES		* 541	0.01	
2.2027         0.73         SSS-0201-00 CEMT SUPPLY CHARGEABLE         2,702         2,202         0.73           7.820         2.58         SSS-0201-00 CEMT SUPPLY INCOMT MED SUPP         787         7820         2.58           7.821         0.08         SSS-0201-00 CEMT SUPPLY INCOMT MED SUPP         782         7.820         2.58           7.822         2.54         SSS-0210-00 CEMT SUPPLY INCOMT MED SUPPLY	5,582		5,582*	1.84	CENTRAL SUPPLY NON-CHARGE		5.582 *	184	
7,820 / 280         7,820 / 280         6360-202-00 GENT SUPPLY INCOMT MONOT MO	2,202		2,202	0.73	CENT SUPPLY CHARGEABLE		2,202 *	0.73	
1,000   1,00	7,820		7,820*	2.58	CENT SUPPLY INCONT MED SUPP		7,820 *	2.58	
7882   254   8895-23-00 CENTRAL SUPPLY-PHYSICIANS N 7,692   7,692   2,54   7,000   1	231		231*	0.08	UNIVERSAL PRECAUTIONS		231 *	800	
1.286   1.28	7,692		7,692*	2.54	CENTRAL SUPPLY-PHYSICIANS VI		7,692 *	2.54	
1586   0.02   SS6-SS1-50 CENT SUPPLY WORKERS COMP   68   68   0.05     160	m		*e	0.00	CENTRAL SUPPLY EDUCATION		* 8	0.00	
160	89		•88	0.02	CENT SUPPLY WORKERS COMP		. 89	0.02	
0         25,439         8.39         0.00 Total MEDICAL SUPPLIES         25,439         0         25,439         8.39         1.288         8.39         1.288         8.39         1.288         8.39         1.288         8.39         9.34         8.39	160		160*	0.05	CENT SUPPLY GROUP INSURANC		160 *	0.05	
1,288   0,42   6355-200-0 PHARMACY NON-LEGEND DRUG\$   1,288   1,288   0,42     3,797   7,88   0,25   6355-200-0 PHARMACY NON-LEGEND DRUG\$   1,288   1,288   0,42     7,89   0,25   6355-200-0 PHARMACY CONTRACT SERVICE   759   779   0,25     1,93   0,00   7041 PHARMACY CONTRACT SERVICE   759   0,25     1,79   1,70   6400-100-0 DETARY SALARIES   1,796   1,796   1,704     1,180   1,04   6400-120-0 DETARY SALARIES   1,796   1,104     1,280   1,15   6400-120-0 DETARY SALARIES   1,796   1,104     1,280   1,16   6400-120-0 DETARY SALARIES   1,287   1,104     1,280   1,04   6400-120-0 DETARY SALARIES   1,287   1,104     1,280   1,15   6400-120-0 DETARY SALARIES   1,287   1,104     1,280   1,15   6400-120-0 DETARY SALARIES   1,287   1,104     1,280   1,280   6400-210-0 DETARY SALARIES   1,287   1,287   1,15     1,280   1,280   6400-210-0 DETARY SALARIES   1,287   1,287   1,15     1,280   1,280   6400-210-0 DETARY SALARIES   1,287   1,287   1,15     1,380   6400-335-0 DETARY SALARIES   1,285   1,287   1,15     1,380   6400-335-0 DETARY SALARIES   1,287   1,287   1,287   1,15     1,380   6400-335-0 DETARY SALARIES   1,280   1,290   1,390   1,390   1,390   1,390   1,390     1,390   1,390   1,390   1,390   1,390   1,390   1,390   1,390   1,390   1,390     1,390   1,	5,439	0	25,439	8.39	Total MEDICAL SUPPLIES	0	25,439	8.39	00.00
1,286*         0,42         6355-200-00 PHARMACY NON-LEGEND DRUGS         1,286         1,286         1,286         0,42           7,69*         0,25         6355-300-00 PHARMACY PRESCRIPTIONS         7,97         7,99         7,99         0,25           0         5,853         1,33         0,00         Total PHARMACY CONTRACT SERVICE         5,653         0         769         0,25           17,966*         5,853         1,03         0,00         Total PHARMACY CONTRACT SERVICES         40,011         0         40,011         13,20         0,25           40,011         13,20         0,00         Total PHARMACY CONTRACT SERVICES         40,011         0         40,011         13,20         0,25           40,011         13,20         0,00         Total PHARMACY CONTRACT SERVICES         40,011         0         40,011         13,20         13,20         13,20           177         1,77         40,011         DIETARY SALARIES         1,786         17,77         1,71 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>									
3797   3797   3.797   3.797   3.797   3.797   3.797     1	1,288		1,288*	0.42	PHARMACY NON-LEGEND DRUGS		1,288 *	0.42	
1,386   0,25   0,25   0,00   1   1,320   0   1   1,320   0   1,93   0   0,583   0   0,583   0   0,583   0   0,25	3,797		3,797*		PHARMACY PRESCRIPTIONS	3.2	3,797 *		
0         5,653         1.93         0.00 Total PHARMACY         5,653         0         5,853         1.93           0         40,011         13.20         0.00 Total ANCILLARY EXPENSES         40,011         0         40,011         13.20           17,966         5,93         40,011         0         40,011         13.20           6400-000-00         SUPPORT SERVICES         40,011         0         40,011         13.20           6400-100-00         DIETARY SALARIES         5,177         5,177         1,71         5,93           5,177         1,71         6400-100-00 DIETARY SALARIES         1,73         5,177         1,71           1,28*         0,04         6400-110-00 DIETARY VACATION/SICK/OTHER         3,149         1,171           2,862*         0,34         6400-130-01 DIETARY VACATION/SICK/OTHER         3,149         1,17           2,862*         0,34         6400-130-00 DIETARY SUPPLIES         2,862         2,862         0,04           3,486*         1,15         6400-210-00 DIETARY SUPPLIES         2,862         3,486         1,15           4,000-120-00 DIETARY SUPPLIES         1,225         2,0859         6,88         6,00-210-00 DIETARY SUPPLIES         1,225         1,225         0,04 <td>8  </td> <td></td> <td>-69/</td> <td>0.25</td> <td>PHARMACY CONTRACT SERVICE</td> <td></td> <td>. 692</td> <td>0.25</td> <td></td>	8		-69/	0.25	PHARMACY CONTRACT SERVICE		. 692	0.25	
Mathematical Part   13.20   1.00	5,853	0	5,853	1.93	Total PHARMACY	0	5,853	1.93	0.00
6400-000-0         SUPPORT SERVICES           6400-000-0         DIETARY           6400-10-0         DIETARY         SLAT         17,966         17,966         17,966         17,966         17,966         17,966         17,966         17,966         17,966         17,966         17,796         17,77         17,796         17,77         17,72         17,72         17,72	0,011	0	40,011	13.20	Total ANCILLARY EXPENSES	0	40,011	13.20	0.00
400-100-00         DIETARY         ACCOUNTION         DIETARY         ACCOUNTION         T7,966         T7,77         T7,72									
17.966*         5.83         6400-110-00         DIETARY SALARIES         17,966         17,966         17,966         17,966         17,966         17,966         17,966         17,966         17,966         17,966         17,966         17,966         17,966         17,966         17,966         17,966         17,70         17,20         17,20         17,20         17,20         17,20         17,20         17,20         17,20         17,20         17,20         17,20         17,20         17,20         17,20         17,20									
5,177* 1.71 6400-110-01 DIETARY SALARIES 5,177 5,177 3,149 1.04 6400-120-00 DIETARY VACATION/SICK/OTHER 3,149 1.28 1.04 6400-120-01 DIETARY VACATION/SICK/OTHER 3,149 1.28 1.28 1.28 1.28 1.004 6400-120-01 DIETARY VACATION/SICK/OTHER 1.28 1.28 1.28 1.28 1.15 6400-130-00 DIETARY PAYROLL TAXES 3,486 1.15 6400-210-00 DIETARY SUPPLIES 2,862 1.486 1.15 6400-210-00 DIETARY RAW FOOD 20,859 1.225	,966		17,966	5.93	DIETARY SALARIES		17.966 *	5.03	
3,149* 1.04 6400-120-00 DIETARY VACATION/SICK/OTHER 128 1.189 .  1.28* 0.04 6400-120-01 DIETARY VACATION/SICK/OTHER 128 1.28 1.286	5,177		5,177 *	1.71	DIETARY SALARIES		5.177 *	171	
128	3,149		3,149*	1.04	DIETARY VACATION/SICK/OTHER		3,149 *	1.04	
2,862*       0.94       6400-130-00 DIETARY PAYROLL TAXES       2,862       2,862 (2.862)         3,486*       1.15       6400-200-00 DIETARY SUPPLIES       3,486 (2.859)       3,486 (2.859)         20,859*       6.88       6400-210-00 DIETARY RAW FOOD       20,859 (2.859)       1,225 (2.859)         1,225*       0.40       6400-211-00 DIETARY SUPPLEMENTS       1,225 (3.859)       1,225 (3.859)         752*       0.25       6400-320-00 DIETARY CONTRACT SERVICE       752 (3.859)       1,225 (3.859)         43*       0.01       6400-335-00 DIETARY WORKERS COMP       1,030 (1.030)       1,030 (1.030)	128		128*	0.04	DIETARY VACATION/SICK/OTHER		128 *	0.04	
3.486 1.15 6400-200-00 DIETARY SUPPLIES 3.486 3.486 3.486 20.859	2,862		2,862*	0.94	DIETARY PAYROLL TAXES		2.862	0.94	
20,859* 6.88 6400-210-00 DIETARY RAW FOOD 20,859 20.859 . 1,225* 0.40 6400-211-00 DIETARY SUPPLEMENTS 1,225 1,225 . 752* 0.25 6400-320-00 DIETARY CONTRACT SERVICE 752 752 . 43* 0.01 6400-335-00 DIETARY EDUCATION 43 43 . 1,030* 0.34 6400-351-00 DIETARY WORKERS COMP 1,030 1,030 .	3,486		3,486*	1.15	DIETARY SUPPLIES		3.486 *	1 15	
1,225*     0.40     6400-211-00 DIETARY SUPPLEMENTS     1,225     1,225       752*     0.25     6400-320-00 DIETARY CONTRACT SERVICE     752     752 · 75	0,859		20,859*	6.88	DIETARY RAW FOOD		20,859 *	89 9	
752* 0.25 6400-320-00 DIETARY CONTRACT SERVICE 752 752	,225		1,225*	0.40	DIETARY SUPPLEMENTS		1,225 *	0.40	
43* 0.01 6400-335-00 DIETARY EDUCATION 43 43 43 . 1,030* 0.34 6400-351-00 DIETARY WORKERS COMP 1,030 1,030 •	752		752*	0.25	DIETARY CONTRACT SERVICE		752 *	0.25	
1,030* 0.34 640G-351-00 DIETARY WORKERS COMP 1,030 1,030 1,030 1	43		43*	0.01	DIETARY EDUCATION		43 *	0.01	
	1,030		1,030*	0.34	DIETARY WORKERS COMP		1,030 *	0.34	

\* Unfavorable Differences

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Waynesboro Health and Rehabilitation Ctr (WB)

8/1/14 to 8/31/14

Month Actual

57,492

814

1,568 1,152 2,728 2,689

1,230

29,338

849

2,136

490 169 302 28 9,061

117 103

4,936

Budget 0.00 0.00 0.00 PPDActual 0.38 18.97 0.52 0.90 0.89 0.27 0.01 0.28 90.0 0.00 0.10 0.00 0.41 9.68 0.16 0.01 2.99 0.04 0.30 0.14 0.33 1.10 1.26 0.00 1,568 \* 849 \* 490 • 169 302 \* 814 4.936 \* 1,152 \* 2,728 \* 2,689 \* 34 \* 1,230 \* 5 28 -9,061 . 9 117 • 103 • 2,136 \* YTD Dig 57,492 • 686 3,333 3,820 \* 29,338 12,417 905 436 430 TTD 0 Budget 0 Actual rrb814 57,492 1,568 1,152 2,728 2,689 849 1,230 29,338 169 28 490 302 9,061 117 103 989 3,333 3,820 436 430 HOUSEKEEPING VAC/SICK/OTHEF 6450-120-01 HOUSEKEEPING VAC/SICK/OTHEF 6450-351-00 HOUSEKEEPING WORKERS COMF 6450-352-00 HOUSEKEEPING GROUP INSURAN LAUNDRY VACATION/SICK/OTHER HOUSEKEEPING PAYROLL TAXES 6500-120-01 LAUNDRY VACATION/SICK/OTHER 6500-320-00 LAUNDRY CONTRACT SERVICES 6500-352-00 LAUNDRY GROUP INSURANCE PLANT VACATION/SICK/OTHER 6400-352-00 DIETARY GROUP INSURANCE HOUSEKEEPING EDUCATION 6450-200-00 HOUSEKEEPING SUPPLIES 6450-110-00 HOUSEKEEPING SALARIES 6450-110-01 HOUSEKEEPING SALARIES 6500-351-00 LAUNDRY WORKERS COMP PLANT CONTRACT SERVICE 6500-130-00 LAUNDRY PAYROLL TAXES PLANT PAYROLL TAXES 6500-335-00 LAUNDRY EDUCATION PLANT PEST CONTROL 6500-110-00 LAUNDRY SALARIES 6500-110-01 LAUNDRY SALARIES 6500-200-00 LAUNDRY SUPPLIES PLANT EDUCATION 6450-100-00 HOUSEKEEPING 6550-110-00 PLANT SALARIES PLANT SUPPLIES PLANT SALARIES Account 5600-100-00 LAUNDRY Total HOUSEKEEPING 6550-100-00 PLANT Total DIETARY Total LAUNDRY 6450-130-00 6450-120-00 6450-335-00 6500-120-00 6550-110-01 6550-130-00 6550-200-00 6550-320-00 6550-120-01 6550-315-00 6550-335-00 0.00 0.00 Budget 0.00 Actual PPD 18.97 0.14 0.00 0.27 1.63 0.52 0.38 0.90 0.89 0.01 0.28 0.41 0.16 90.0 0.00 0.10 0.01 2.99 0.00 0.04 0.30 0.33 1.10 1.26 9.68 0.14 1,152\* 2,728\* 2,689\* Month 14,152\* 1,568\* 34\* 849\* 1,230\* 5 28 9,061\* •9  $\mathcal{G}_{id}$ 814\* 57,492 4,936\* 2,136\* 169\* 7,028\* 436\* 3,333\* 430. 3,820\* 12,502\* 490 302 117\* 103 • 29,338 **686** Month Budget 0 0

\* Unfavorable Differences

4.12 0.66

> 2,000 \* 500

12,502

12,502 2,000

6550-350-00 PLANT UTILITIES - WATER & SEWE

PLANT UTILITIES - GAS

PLANT UTILITIES - ELECTRIC

6550-340-00

4.12 0.66

> 2,000\* 500

2,000

500

3,333 3,820 12,502

430

436 686 6550-345-00

Waynesboro Health and Rehabilitation Ctr (WB)

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8/1/14 to 8/31/14

35.3 197 32,812 3,094 291 519 1,860 6 138 276 6,184 1,208 2,680 192 461		fha	Actual	Budget	Actual	Budget	Did	Actual	Rudan
197 32,812 3,094 291 519 1,860 6 138 276 6,184 1,208 2,880 192 461		353*	0.12	6550-351-00 PLANT WORKERS COMP	353	in Votes	06.7 25.3 :	Actual	риахе
3,094 291 291 519 1,860 6,184 6,184 1,208 2,880 192 461		197	90.0	6550-352-00 PLANT GROUP INSURANCE	197		197	21.0	
3,094 291 291 1,860 6,184 6,184 1,208 2,880 192		317	0.10	6550-358-00 PLANT TRAVEL	317		317 *	0.10	
3,094 291 519 1,860 6,184 6,184 1,208 2,680 192 461	0	32,812	10.83	0.00 Total PLANT	32,812	0	32,812	10.83	00:00
3,084 291 519 1,860 6,184 6,184 1,208 2,880 192 461				6600-100-00 ACTIVITIES					
291 519 1,860 6 138 276 6,184 1,208 2,880 192 461		3,094 *	1.02	6600-110-00 ACTIVITIES SALARIES	3 094	2	. 100		
6,184 6,184 1,208 1,208 1,22 461		291*	0.10		291		304	20.1	
1,860 6 138 276 6,184 1,208 2,880 192 461		519*	0.17	6600-200-00 ACTIVITY SUPPLIES	519		120	0.0	
6,184 6,184 1,208 2,880 192 461		1,860*	0.61	6600-320-00 ACTIVITY CONTRACT SERVICE	1.860			0.17	
138 276 6,184 1,208 2,880 192 461		*9	0.00		9			0.00	
276 6,184 1,208 2,880 192 461		138*	0.05	6600-351-00 ACTIVITIES WORKERS COMP	138		138 *	0.05	
6,184 1,208 2,880 192 461		276*	0.09	6600-352-00 ACTIVITIES GROUP INSURANCE	276		276 *	0.09	
1,208 2,880 192 461	0	6,184	2.04	0.00 Total ACTIVITIES	6,184	0	6.184	2.04	0.00
1,208 2,880 192 461				6650-100-00 SOCIAL SERVICES					
2,880 192 461		1,208*	0.40	0,	1,208		1 208 *	0	
192 461		2,880*	0.95	6650-110-01 SOCIAL SERVICE SALARIES	2,880		2 880	500	
461		192*	90.0	6650-120-00 SOCIAL SERVICE VAC/SICK/OTHEI	192		192	0.06	
-		461*	0.15	6650-130-00 SOCIAL SERVICE PAYROLL TAXES	461		461 *	0.15	
150		150*	0.05		150		150 *	0.05	
` '		* 4.4	0.03		11		. 22	0,03	
m ;		* ©	0.00		ю		. 6	00.0	
182		182*	90.0	6650-351-00 SOCIAL SERVICE WORKERS COM	182		182 *	0.06	
43		43*	0.01	6650-352-00 SOCIAL SERVICE GROUP INSURAI	43		43.	0.01	
5,195	0	5,195	1.71	0.00 Total SOCIAL SERVICES	5,195	0	5,195	1.71	0.00
				6700-100-00 MEDICAL RECORDS			st		
1,341		1,341*	0.44	6700-110-00 MEDICAL RECORDS SALARIES	1,341		1 341 *	7	
1,267		1,267*	0.42	6700-110-01 MEDICAL RECORDS SALARIES	1,267		1 267	270	
833		833 *	0.27	6700-120-00 MEDICAL RECORDS VAC/SICK/OTI	833		833 •	76.0	
402		402*	0.13	6700-130-00 MEDICAL RECORDS PAYROLL TAX	402		402	0.27	
ю.		3*	0.00	6700-335-00 MEDICAL RECORDS EDUCATION	<u>ب</u>		30.	200	
116		116*	0.04	6700-351-00 MEDICAL RECORDS WORKERS CO	116		116 *	0.00	
182		182*	90.0	6700-352-00 MEDICAL RECORDS GROUP INSUI	182		182 *	0.06	
4,144	0	4,144	1.37	0.00 Total MEDICAL RECORDS	4,144	0	4,144	1.37	0.00
0				6725-100-00 UTILIZATION REVIEWIMED					
480		480	0.16	6725-350-00 MEDICAL DIRECTOR	480		480	0.16	

\* Unfavorable Differences

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Waynesboro Health and Rehabilitation Ctr (WB)

Statement of Operations

8/1/14 to 8/31/14

Month	Month	Month	PPD	PPD		atx	ТТР	YTD	PPD	PPD
	nager	(ha	Actual	Budget	Account	Actual	Budget	Diff	Actual	Budget
480	0	480	0.16	0.00	Total UTILIZATION REVIEW/MED	480	0	480	0.16	0.00
148,062	0	148,062	48.85	00.00	Total SUPPORT SERVICES	148,062	0	148,062	48.85	0.00
					6750-100-00 GENERAL & ADMINISTRA					
					6750-105-00 ADMINISTRATION					
12,355		12,355*	4.08		6750-110-00 ADMIN SALARIES	12,355		12.355 *	4 08	
6,567		6,567*	2.17		6750-110-01 ADMIN SALARIES	6,567		6.567 *	2.17	
456		456*	0.15		5750-120-00 ADMIN VACATION/SICK/OTHER	456		456 *	0.15	
167		167*	90'0		6750-125-00 ADMIN BENEFITS	167		167 *	90'0	
2,314		2,314*	0.76		6750-130-00 ADMIN PAYROLL TAXES	2,314		2,314 *	0.76	
3,303		3,303*	1.09		5750-200-00 ADMIN SUPPLIES	3,303		3,303 *	1.09	
88		* 88	0.03		6750-201-00 POSTAGE	88		* 88	0.03	
258		258*	0.09		6750-215-00 ALLOWABLE MARKETING EXPENS	258		258 *	0.09	
845		845*	0.28		-	845		845 *	0.28	
6,264		6,264*	2.07			6,264		6,264 *	2.07	
12		12*	0.00		6750-335-00 ADMIN EDUCATION	12		12 *	0.00	
2,405		2,405*	0.79		6750-350-00 LIABILITY INSURANCE	2,405		2,405 *	0.79	
842		842*	0.28		6750-351-00 ADMIN WORKERS COMP	842		842 *	0.28	
218		218*	0.07		5750-352-00 ADMIN GROUP INSURANCE	218		218 *	0.07	
2,000		2,000*	0.66		6750-353-00 LEGAL & ACCOUNTING	2,000		2,000 *	0.66	
38,049		38,049*	12.55		6750-355-00 PERMITS & LICENSES	38,049		38,049 *	12,55	
14,127		14,127*	4.66		6750-355-01 PERMITS & LICENSES	14,127		14.127 •	4.66	
75		75*	0.02		5750-357-00 FACILITY AUTO EXPENSE	75		75 *	0.02	
8,952		8,952*	2.95		6750-358-00 TRAVEL	8,952		8,952 *	2.95	
1,779		1,779*	0.59		6750-359-00 TELEPHONE	1,779		1,779 *	0.59	
925		925*	0.31		6750-359-01 TELEPHONE	925		925 •	0,31	
1,580		1,580*	0.52		6750-360-00 MEALS & ENTERTAINMENT	1,580		1,580 *	0,52	
20		50⁴	0.01		6750-362-00 BANK CHARGES	50		. 50	0,01	
18,000		18,000*	5.94		6750-900-00 MANAGEMENT FEES	18,000		18,000 *	5.94	
6,000		÷000'9	1.98		6750-900-01 MANAGEMENT FEES	6,000		6,000 *	1.98	
127,602	0	127,602	42.10	0.00	Total ADMINISTRATION	127,602	0	127,602	42.10	00.00
					6910-100-00 BEAUTY BARBER					
10		10*	0.00		6910-200-00 B&B SUPPLIES	10		10 *	00 0	
1,210		1,210*	0.40		6910-320-00 BEAUTY BARBER CONTRACT SER	1,210		1,210 *	0,40	
1,220	0	1,220	0.40	0.00	Total BEAUTY BARBER	1,220	0	1,220	0.40	0.00
128,822	0	128,822	42.50	0.00 Total	odal GENERAL & ADMINISTRATIVE	428 822		. 000 000		
			i			770'071	5	128,822	42.50	00.00

\* Unfavorable Differences

Page 7 of 7 10/24/14 9:51 AM GIStmtOpLandscape

# Statement of Operations

Waynesboro Health and Rehabilitation Ctr (WB)

8/1/14 to 8/31/14

\* Unfavorable Differences

## Attachment "22" Contribution to the Orderly Development of Health Care-3 Staff Wage Rate Table

			<u> </u>
Staff -	engin kecestri	xpected ay/Hour	Hourly Wage Rage (25th to 75th Percentile
		San Caller In 192	\$16.50-\$31.35 (healthcare practitioner and
Director of Nursing	\$	31.87	technical occupations)
			\$16.50-\$31.35 (healthcare practitioner and
Assistand Director of Nursing	\$	31.44	technical occupations)
	1		\$16.50-\$31.35 (healthcare practitioner and
MDS Coordinator	\$	23.74	
	1		\$16.50-\$31.35 (healthcare practitioner and
Staff Develop. Coordinator	\$	28.00	
			\$16.50-\$31.35 (healthcare practitioner and
Unit Manager	\$	28.43	technical occupations)
			\$21.30-\$28.70 (healthcare practitioner and
RN *	\$	25.14	technical occupations)
			\$14.25-\$18.10 (healthcare practitioner and
LPN	\$	16.56	technical occupations)
			\$8.60-\$12.05 (health care support
C.N.A.	\$	9.45	occupations)
			\$10.45-\$17.20 (office and administrative
Central Supply Staff	\$	12.00	support occupations)
1	1		\$10.45-\$17.20 (office and administrative
Medical Records	\$	14.92	support occupations)
Dietary Director	\$		\$8.50-\$18.90 (chefs & head cooks)
Dietary Assistant Director	\$	16.16	\$9.10-\$15.75 (First-Line Supervisors of Food Preparation and Serving Workers) \$8.30-\$11.80 (food preparation and serving
Dietary Staff	\$	8.69	workers)
			\$8.00-\$11.60 (personal care and service
aundry Staff	\$	9.40	occupations
			\$9.25-\$16.75 (supervisor of housekeeping &
lousekeeping Director	\$	14.50	janitor workers)
lousekeeping Staff	\$	9.11	\$8.45-\$11.90 (janitors & cleaners)
Plant Director	\$	18.64	\$13.10-\$22.75 (First-Line Supervisors of Landscaping, Lawn Service, and Groundsk)
Plant Assistant Director	\$	17.73	\$13.10-\$22.75 (First-Line Supervisors of Landscaping, Lawn Service, and Groundsk)
ctivities Director	\$	10.14	\$15.50-\$23.05 (community and social service specialists, all other)
ctivities Staff	\$		\$10.35-\$14.80 (social and human service assistants)
ocial Services Director	\$		\$17.80-\$25.60 (Healthcare Social Workers)
ocial Services Staff	\$		\$10.35-\$14.80 (social and human service assistants)

		\$22.00-\$43.40 (general and operations
Administrator	\$ 41.00	manager)
		\$10.45-\$17.20 (office and administrative
Admissions	\$ 18.31	support occupations)
		\$10.45-\$17.20 (office and administrative
Administrative Staff	\$ 11.75	support occupations)
		\$16.30-\$26.65 (first line
		supervisors/managers of office and
Business Office Managaer	\$ 19.72	administrative support workers)
HR Director	\$ 19.76	\$24.25-\$43.25 (HR Managers)

## Attachment "24" Contribution to the Orderly Development of Health Care – 7 (d) Wayne County Nursing Home Annual Survey Wayne Care Nursing Home Annual Survey

### Wayne County Nursing Home Survey

PRINTED: 11/18/2013 DEPARTMENT OF HEALTH AND HUMAN SERVICES **FORM APPROVED** CENTERS FOR MEDICARE & MEDICAID SERVICES OMB NO. 0938-0391 STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION (X3) DATE SURVEY IDENTIFICATION NUMBER: COMPLETED A BUILDING 44E464 B. WING 11/14/2013 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS, CITY, STATE, ZIP CODE 104 J V MANGUBAT DRIVE, PO BOX 510 WAYNE COUNTY NURSING HOME WAYNESBORO, TN 38485 SUMMARY STATEMENT OF DEFICIENCIES (X4) ID PROVIDER'S PLAN OF CORRECTION (X5) COMPLETION PREFIX (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE REGULATORY OR LSC IDENTIFYING INFORMATION) TAĠ TAG DATE DEFICIENCY F 280 483.20(d)(3), 483.10(k)(2) RIGHT TO F 280 PARTICIPATE PLANNING CARE-REVISE CP SS=D Wayne County Nursing Home files this Plan of Correction solely to satisfy The resident has the right, unless adjudged State and Federal mandates. The incompetent or otherwise found to be facility does not admit that any incapacitated under the laws of the State, to deficiency existed prior to, at the participate in planning care and treatment or time of, or after the survey. The changes in care and treatment. facility reserves all rights to contest the survey findings through the A comprehensive care plan must be developed Informal Dispute Resolution, Formal within 7 days after the completion of the Appeal, and any other applicable comprehensive assessment; prepared by an legal or administrative proceeding. interdisciplinary team, that includes the attending This Plan of Correction should not be physician, a registered nurse with responsibility for the resident, and other appropriate staff in taken as establishing a standard of disciplines as determined by the resident's needs. care and the facility submits that the and, to the extent practicable, the participation of actions taken by it in response to the the resident, the resident's family or the resident's survey findings establish an legal representative; and periodically reviewed acceptable standard of care. This and revised by a team of qualified persons after document is not intended to waive each assessment. any defense, legal or equitable, in any proceeding, administrative, civil, or criminal. This REQUIREMENT is not met as evidenced F280 by: 483.20(d)(d), 483.10(k)(2) RIGHT TO Based on policy review, review of an accident PARTICIPATE PLANNING CARE-REVISE report, medical record review, observation and interview, it was determined the facility failed to CP revise the care plan for a fall or a change in The facility will assure the resident has siderall usage for 2 of 11 (Residents #51 and 99) the right to participate in planning sampled residents reviewed of the 23 residents care and treatment or changes in included in the stage 2 review. care and treatment. The findings included: 1. Resident #51's Care Plan was ED updated on 11/12/13 by resident 1. Review of the facility's "FALL PREVENTION" policy documented, "... Update care plan quarterly DEC 0 S 5013

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See Instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

11/27/1300 This pocual Layer

or more frequently if needed 12/13 of PHARL

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

Janela Skeed

TITLE

Administrator

(X6) DATE

11/27/13

### **DEPARTMENT OF HEALTH AND HUMAN SERVICES**

CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 11/18/2013 FORM APPROVED OMB NO. 0938-0391

	T OF DEFICIENCIES OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	A. BUILDI		E CONSTRUCTION		E SURVEY PLETED
		44E464	B. WING_		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	11/	14/2013
NAME OF	PROVIDER OR SUPPLIER	(		STI	REET ADDRESS, CITY, STATE, ZIP CODE		
MAYNE	COUNTY NURSING H	OME		104	4 J V MANGUBAT DRIVE, PO BOX 510		
WATRE	COUNTY NORSING II	OME		WA	AYNESBORO, TN 38485		
(X4) ID PREFIX TAG	(EACH DEFICIENCY	TEMENT OF DEFICIENCIES MUST BE PRECEDED BY FULL SCIDENTIFYING INFORMATION)	ID PREFIX TAG	,	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD CROSS-REFERENCED TO THE APPROPE DEFICIENCY)	BE	(XIS) COMPLETION DATE
F 280	Continued From page	ge 1	F 28	80	Care Coordinator. Resident #99 Care Plan was updated on 11/1: by Resident Care Coordinator.		
4	diagnoses of Hyperito Colostomy, Seizu Anxiety, Mental Retz Pulmonary Disease, was not updated to fall on 11/9/13.  Review of an incider 11/9/13 documented no injuries noted.  2. Medical record redocumented an admidiagnoses of Osteop Disease, Hypertensi Anemia, Renal Insuffailure, Status Post Pacemaker, Muscle Encephalopathy and recertification physic documented, "SIDI Review of the Augus orders dated 8/9/13 of YES X 2" Review recertification physic documented, "SIDI Review of the care p8/23/13 documented repositioning while in have SR [sideralls] uassist with positionin	nission date of 2/11/2006 with tension, Depression, Attention re Disorder, Osteoarthritis, ardation, Chronic Obstructive. The care plan dated 9/23/13 include an intervention for a strict of the care plan dated 9/23/13 include an intervention for a strict of the care plan dated of the care plan date of 1/25/13 with corosis, Coronary Artery on, Enlarged Thyrold, ficiency, Congestive Heart Multiple Back Fracture, Weakness, Hepatic Cirrhosis. Review of the July ian's orders dated 8/9/13 E RAILS YES X [times] 1" It recertification physician's documented, "SIDE RAILS of the September ian's orders dated 9/28/13 E RAILS YES X 2" Ian dated 2/5/13 and updated "Assist resident in bed PRN [as needed]; to p x [times] 1 (at wall) to			by Resident Care Coordinator.  2. As all resident's have potential affected if CP isn't updated time following steps have been taken the DON conducted a written inservice on 11/25/13 for LPNs an regarding timely update of CP afalls, changes in siderail usage, etc.  The ADON will review with LPNs or RNs to assure understanding and compliance during the Nurse Me on November 26, 27, 29.  ADON and RCC completing aud 12/4/13 to assure all CPs are currewith falls, interventions, changes siderails, etc.  The Administrator created a mandatory Silverchair Learning Session for all staff covering timely updates on falls, siderails, etc. in addition to all other tags. Deadlifor completion by all staff is 12/6/3.  The LPNs and RNs will update of Plans as needed following incide changes. The RCC will follow-up, 18.As and/or doctor's orders, to as	d RNs fter tc. ind letings lit by ent in ys. y CP ne 113. Care nts or using soure	
	at 12:25 PM and 11/	13/13 at 7:55 AM, revealed the bed on her back with 3/4			that CPs have been updated tim	iely.	

PRINTED: 11/18/2013 DEPARTMENT OF HEALTH AND HUMAN SERVICES FORM APPROVED CENTERS FOR MEDICARE & MEDICAID SERVICES OMB NO. 0938-0391 STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION (X3) DATE SURVEY IDENTIFICATION NUMBER: A BUILDING COMPLETED 44E464 B. WING 11/14/2013 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS, CITY, STATE, ZIP CODE 104 J V MANGUBAT DRIVE, PO BOX 510 WAYNE COUNTY NURSING HOME WAYNESBORO, TN 38485 SUMMARY STATEMENT OF DEFICIENCIES PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE (X4) ID (X5) COMPLETION DATE **(EACH DEFICIENCY MUST BE PRECEDED BY FULL** PRÉFIX PREFIX REGULATORY OR LSC IDENTIFYING INFORMATION) TAG TAG DEFICIENCY) A QA Action Plan has been done F 280 Continued From page 2 F 280 on 11/25/13 by the Administrator and presented to the QA Committee on During an interview in conference room on 11/26/13. 11/13/13 at 2:00 PM, the Director of Nursing (DON) was asked about the siderails up x 2 on The DON and ADON will conduct Resident #99's care plan. The DON confirmed routine checks/audits to assure the care plan was not updated and stated, "...she compliance. Findings will be [Resident #99] requested 2 siderails after her reportedback to QA Committee cataract surgeries, do not see where has been weekly for next 3 months. updated [care plan]... she uses 2 sideralls..." 12/6/13 F 332 483.25(m)(1) FREE OF MEDICATION ERROR F 332 SS=D RATES OF 5% OR MORE The facility must ensure that it is free of F332 medication error rates of five percent or greater. 483.25(m)(1) FREE OF MEDICATION ERROR RATES OF 5% OR MORE. The facility will ensure that it is free of medication error rates of 5% This REQUIREMENT is not met as evidenced or greater. by: Based on policy review, medical record review, 1. Nurse #2, responsible for direct observation and interview, it was determined 1 of care of affected residents, has been 4 (Nurse #2) medication nurses failed to inserviced on 11/20/13 by the DON administer medications with a medication error on facility's policy for administering rate of less than 5 percent (%). A total of 2 errors eye drops. were observed out of 26 opportunities for error, resulting in a medication error rate of 7.692307%. 2. As all residents have the potential to be affected in the future if drops The findings included: are not administered according 1. Review of the facility's "Eye Drop to facility policy, the following Administration Procedure" policy documented, action has been taken: "...Gently pull the lower eyelid down from the eye to form a pouch... Instill the drop inside the lower All LPNs and RNs have been eyelld... after instilling the drop, slowly release the inserviced on 11/20/13 by the eyelid and instruct the patient to slowly close eyes ADON on facility's policy for to allow for even distribution of the drop over the

eye..."

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 11/18/2013 FORM APPROVED OMB NO. 0938-0391

	T OF DEFICIENCIES OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	1	PLE CONSTRUCTION G		É SURVEY PLETED
		44E464	B. WING _		11/	14/2013
	PROVIDER OR SUPPLIER COUNTY NURSING H	OME		STREET ADDRESS, CITY, STATE, ZIP CODE 104 J V MANGUBAT DRIVE, PO BOX 510 WAYNESBORO, TN 38485	,,	
(X4) ID PREFIX TAG	(EACH DEFICIENCY	TEMENT OF DEFICIENCIES MUST BE PRECEDED BY FULL SC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD CROSS-REFERENCED TO THE APPROPI DEFICIENCY)	BE	(XS) COMPLETION DATE
F 332	documented an adri diagnoses of Multip Supraclavicular Mas Pacemaker, Corona Thyrold, Hypertensic Left Carotid Stenosi Constipation, Conge Encephalopathy, Cir Disease Stage 3, Cl Review of the physic documented, "SYS PLACE 1 DROP INT DAILY"  Observations in Res at 12:30 PM, while a drops, Nurse #2 lifte administered two dro the third drop went in make a pouch with it states. The failure to making a pouch with medication error #1.	eview for Resident #99 nission date of 1/25/13 with le Back Fractures, Left ss, Thrombocytopenia, any Artery Disease, Enlarged on, Anemia, Osteoporosis, s, Renal Insufficiency, estive Heart Failure, Hepatic rhosis, Chronic Kidney notellithiasis and Chest Mass. cian's orders dated 9/28/13 STANE BALANCE 0.6% EYE TO BOTH EYES 4 TIMES  sident #99's room on 11/13/13 administering Systane eye d the left upper eyelid and ops that missed the eye and not the eye, but she failed to he lower lid as the policy administer eye drops by the lower lid resulted in	F 333	Eye Drop administration was added to Administrator's Silverchair Session and Administrator's Silverchair Session by 12/6/13.  The DON and ADON will observe all eye drop administration and complete a check-off form for not oassure proper application. The was started on 11/25/13 and will completed by 12/6/13.  3. The Pharmacy Consultant will observe med pass during next 3 scheduled visits, and will observe LPN #2 each visit, to ensure contunderstanding and compliance.  4. A QA Action Plan has been and presented to QA Committee approval by the Administrator.  The DON and ADON will conduct random weekly med pass review.	urses is be	
	diagnoses of Peptic Reflux, Osteoporosis Depression, Constip Loss, Joint Pain, Hypercholesterolemi	ation, Insomnia, Memory pertension and a. Review of the physician's documented, "Tobradexi		and will report back to QA Comr the outcomes.  The QA Committee will continue monitor results for 3 months.	mittee	12/6/13
	at 12:42 PM, while addrops, Nurse #2 lifted	ident #95's room on 11/13/13 dministering Tobradex eye if the left upper eyelld and e eye and failed to make a				

### DEPARTMENT OF HEALTH AND HUMAN SERVICES

	NT OF DEFICIENCIES OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIP A. BUILDING	LE CONSTRUCTION	MB NO. 0938-03 (X3) DATE SURVEY COMPLETED
		44E464	B. WING		11/14/2013
NAME OF	PROVIDER OR SUPPLIER	-	1.5	STREET ADDRESS, CITY, STATE, ZIP CODE	11/14/2013
WAYNE	COUNTY NURSING I	HOME		04 J V MANGUBAT DRIVE, PO BOX 510 WAYNESBORO, TN 38485	
(X4) ID PREFIX TAG	(EACH DEFICIENC	ATEMENT OF DEFICIENCIES Y MRIST BE PRECEDED BY FULL SC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD CROSS-REFERENCED TO THE APPROPR DEFICIENCY)	BE COMPLETIO
F 371 SS=E	pouch with lower lid fallure to administe with the lower lid re  4. During an intervi (DON) office on 11/was asked what wa administering eye d lower lid with glover pouch"  483.35(I) FOOD PR STORE/PREPARE/ The facility must - (1) Procure food fro considered satisfact authorities; and	d as the policy states. The reye drops by making a pouch sulted in medication error #2. iew in the Director of Nursing's [14/3 at 12:02 PM, the DON is the procedure for rops. The DON stated, "hold dinger and put drop in the COCURE, ISERVE - SANITARY In sources approved or tory by Federal, State or local distribute and serve food	F 332	F371 483.35(i) FOOD PROCURE, STORE/SERVE - SANITARY Facility will store, prepare, distribuserve food under sanitary condition.  1. CNAs #1,2,3, and 4, FA #1, Numerical strains and 4 were inserviced by DOM and ADON on properly assisting with resident's straw, uter and food without using bare han and on properly sanifizing of hand and on properly sanifizing of hand on 11/14/13 on wearing proper had covering when entering the kitch.  2. As all residents have the potent to be affected, the following actives.	ote and ons.  se N nsils, ds ds, rvisor air en,
. 1	by: Based on policy revinterview, it was determined food was presentary conditions with (Certified Nursing Asserting Assistant (Finance Worker) hand hygiene by handads or entered the	T is not met as evidenced iew, observation and ermined the facility failed to pared and served under then 8 of 16 staff members sistant (CNA) #1, 2, 3 and 4, A) #1, Nurses #3 and 4 and r#1) failed to practice proper dling food items with bare kitchen where food was tray line without wearing a		All staff serving trays and/or assisti with meals have been inserviced ADON on 11/18/13 on proper han hygiene, not touching food or stroor utensils with bare hands. All facility staff was inserviced by Administrator on 11/14/13 regarding no one entering kitchen without proper hair covering.  Hand-Hygiene and hair coverings in kitchen were added to the Silverchair Leaming session create by Administrator 11/25/13. It is a mandatory session that must be	by ad- aw

DEPARTMENT OF HEALTH AND HUMAN SERVICES

**FORM APPROVED** CENTERS FOR MEDICARE & MEDICAID SERVICES OMB NO. 0938-0391 STATEMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION (X3) DATE SURVEY AND PLAN OF CORRECTION **IDENTIFICATION NUMBER:** COMPLETED A. BUILDING 44E464 B. WING 11/14/2013 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS, CITY, STATE, ZIP CODE 104 J V MANGUBAT DRIVE, PO BOX 510 WAYNE COUNTY NURSING HOME WAYNESBORO, TN 38485 SUMMARY STATEMENT OF DEFICIENCIES PROVIDER'S PLAN OF CORRECTION (X5) COMPLETION (X4) ID (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX (EACH CORRECTIVE ACTION SHOULD BE PREFIX REGULATORY OR LSC IDENTIFYING INFORMATION) CROSS-REFERENCED TO THE APPROPRIATE DATE TAG DEFICIENCY) completed by all employees by 12/6/13. F 371 Continued From page 5 F 371 3. Tray service for employee meals The findings included: was revamped on 11/15/13. The 1. Review of the facility's "HAND HYGIENE" trays are now prepared and put policy documented, "...Hand hygiene continues to on a cart at doorway to dining be the primary means of preventing the room. No employee needs to transmission of infection. The following is a list of enter the kitchen now to get a some situations that require hand hygiene... meal tray. before and after direct resident contact..." The DON, ADON, RCC, and the Review of the facility's "Use of Gloves..." policy Administrator will make random documented, "...PURPOSE: To prevent the observations of meal times (in spread of bacteria that may cause food borne dining room and resident rooms) Illnesses... when preparing or handling food..." to ensure compliance of handa. Observations in room 201A on 11/12/13 at hygiene practices. 11:53 AM. CNA #1 handled the resident's straw with her bare hand and handled the sandwich 4. A QA Action Plan was comwith her bare hand, while she cut the sandwich pleted and presented to QA with a knife in the other hand. Observations in Committee on 11/25/13 by the 217A on 11/12/13 at 12:06 AM, CNA #1 handled Administrator. the resident's straw with her bare hands. b. Observations in room 204 on 11/12/13 at 11:53 Administrator will routinely monitor AM, CNA #2 took a glass of chocolate milk to a dining room, resident rooms, and resident, she used bare hands to scoop out the the kitchen area during meals to powder in a med cup and put it in the glass of ensure continued compliance. milk twice. CNA #2 grabbed the straw by the mouthpiece with her bare hand and stirred the Outcomes will be reported back powder. to the QA Committee for the next c. Observations in room 215B on 11/12/13 at 3 months. 12/6/13 12:04 PM, CNA #3 handled the resident's straw with her bare hands. Observations in room 217B on 11/12/13 at 12:06 PM, CNA #3 handled the resident's straw and the utensils with her bare hands.

d. Observations in the main dining room on 11/12/13 at beginning at 12:20 PM, CNA #4

PRINTED: 11/18/2013

		E & MEDICAID SERVICES			FORM	APPROVED . 0938-0391
	T OF DEFICIENCIES OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:		LE CONSTRUCTION	(X3) DAT	E SURVEY APLETED
		44E464	B. WING		111	14/2013
	PROVIDER OR SUPPLIER COUNTY NURSING H	HOME	1 1	TREET ADDRESS, CITY, STATE, ZIP CODE 04 J V MANGUBAT DRIVE, PO BOX 510 VAYNESBORO, TN 38485	1	1402013
(X4) ID PREFIX TAG	(EACH DEFICIENC)	ATEMENT OF DEFICIENCIES Y MUST BE PRECEDED BY FULL SC IDENTIFYING INFORMATION)	PREFIX TAG	PROVIDER'S PLAN OF CORRECTI (EACH CORRECTIVE ACTION SHOUL CROSS-REFERENCED TO THE APPRO DEFICIENCY)	DBE	(X5) COMPLETION DATE
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	AM, Maintenance W	kitchen on 11/14/13 at 11:42 orker #1 walked into the				

his tray from the trayline.

### DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

RVICES PRINTED: 11/18/2013 FORM APPROVED OMB NO. 0938-0391

	T OF DEFICIENCIES OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MUL A. BUILO	TIPLE CONSTRUCTION	(X3) DA	TE SURVEY APLETED
		44E464	B. WING		11	14/2013
	PROVIDER OR SUPPLIER COUNTY NURSING H	OME		STREET ADDRESS, CITY, STATE, ZIP CODE 104 J V MANGUBAT DRIVE, PO BOX 510 WAYNESBORO, TN 38485		1112010
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				RECEIVE	ED³	~

### Wayne Care Nursing Home Survey

CENTERS FOR MEDICARE & MEDICARD SERVICES  INTEREST OF DEFICIENCIES  (XX) PROVIDER ONLY PROVIDED ONLY	DEPART	MENT OF HEALTH	AND HUMAN SERVICES		RECEIVED OMB NO.	0938-0391
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MAYNE CARE NURSING HOME    Mayne Care nursing and mental and psychosocial meeds that are identified in the comprehensive assessment.			44E308	B. WING	05/0	7/2014
MAYNESBORO, TN 38485  MAYNESBORO, AN 3848  MAYNESBORO, TN 38485  MAYNESBORO, AN 3848  MARCHINE, AND	NAME OF E	PROVIDER OR SUPPLIER			144 07504	5.*
F 279 483.20(d). 483.20(k)(1) DEVELOP SS=D COMPREHENSIVE CARE PLANS  A facility must use the results of the assessment to develop, review and revise the resident's comprehensive plan of care.  The facility must develop a comprehensive care plan for each resident that includes measurable objectives and timetables to meet a resident's medical, nursing, and mental and psychosocial needs that are identified in the comprehensive assessment.  The care plan must describe the services that are to be furnished to attain or maintain the resident's highest practicable physical, mental, and psychosocial well-being as required under \$483.25, and any services that would otherwise be required under \$483.25 but are not provided due to the resident's exercise of rights under \$483.10, including the right to refuse treatment under \$483.10(b)(4).  This REQUIREMENT is not met as evidenced by: Based on policy review, medical record review and interview, it was determined the facility failed to have a care plan for range of motion (ROM) for 1 of 23 (Resident #6) sampled residents reviewed of the 23 residents included in the stage 2 review. The findings included:  Review of the facility's care plan policy documented, "Upon admission, each resident will be assessed by the care plan team and an interim plan of care will be developed. Care plans in place for those residents with documented limitations in ROM. If no further issues noted after 1 year, quarterly reports any be discontinued.	WAYNE (				WAYNESBORO, TN 38485	
A facility must use the results of the assessment to develop, review and revise the resident's comprehensive plan of care.  The facility must develop a comprehensive care plan for each resident that includes measurable objectives and timetables to meet a resident's medical, nursing, and mental and psychosocial needs that are identified in the comprehensive assessment.  The care plan must describe the services that are to be furnished to attain or maintain the resident's highest practicable physical, mental, and psychosocial well-being as required under §483.26; and any services that would otherwise be required under §483.2 but are not provided due to the resident's exercise of rights under §483.10(b)(4).  This REQUIREMENT is not met as evidenced by: Based on policy review, medical record review and interview, it was determined the facility failed to have a care plan for range of motion (ROM) for 1 of 23 (Resident #6) sampled residents reviewed of the 23 residents included in the stage 2 review.  The findings included:  Review of the facility care plan policy documented, "Upon admission, each resident will be developed. Care plans interim plan of care will be developed. Care plans interim plan of care will be developed. Care plans in the resident will be developed. The plan for range of motion on these residents who have documented limitations in ROM. If no further issues noted after a year, quarterly reports may be discontinued.	PRÉFIX	(FACH DEFICIENC)	MUST BE PRECEDED BY FULL	PREFE	(EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE	COMPLETION DATE
	\$S=D	A facility must use to develop, review a comprehensive pla. The facility must deplan for each reside objectives and time medical, nursing, an needs that are iden assessment.  The care plan must to be furnished to a highest practicable psychosocial well-b §483.25; and any side to the resident §483.10, including under §483.10, including under §483.10(b)(4). This REQUIREMENT by:  Based on policy reand interview, it was to have a care plan 1 of 23 (Resident # of the 23 residents. The findings included Review of the facility documented, "Upor be assessed by the interim plan of care will be revised as not comprehensive and interview of the facility documented, "Upor be assessed by the interim plan of care will be revised as not comprehensive and interimination of care will be revised as not comprehensive and interimination of care will be revised as not comprehensive and interimination of care will be revised as not comprehensive and the	the results of the assessment and revise the resident's not care.  Evelop a comprehensive care ent that includes measurable tables to meet a resident's not mental and psychosocial tified in the comprehensive.  I describe the services that are train or maintain the resident's physical, mental, and eing as required under ervices that would otherwise 483.25 but are not provided is exercise of rights under the right to refuse treatment.  INT is not met as evidenced view, medical record review is determined the facility failed for range of motion (ROM) for 5) sampled residents reviewed included in the stage 2 review.  Evis care plan policy admission, each resident will acare plan team and an will be developed. Care plans eeded according to changes in		a comprehensive care plan for each resident that includes measurable objectives and timetables to meet a resident's medical, nursing, and mental a psychosocial needs that are identified in the comprehensive assessment.  A comprehensive care plan was developed for range of motion on Resident #6 by the ADON. The care plan will be monitored quarterly by the ADON. They will be revised as needed according to changes in the resident's physical and mental condition (see attached) by the ADON. The DON will monitor quarterly for care plan related to range of motion on these residents who have documented limitations on the MDS. The DON will report to QA committee quarterly x l year related to care plans in place for those residents with documented limitations in ROM. If no further issues noted after 1 year, quarterly reports may be discontinued.	5/8/14

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is regulate to continued program participation.

FORM CMS-2687(02-99) Provious Versions Obsolete CXA 5/20/14 10:90911

DEPARTMENT OF HEALTH AND HUMAN SERVICES OMB NO. 0938-0391 CENTERS FOR MEDICARE & MEDICAID SERVICES (X2) MULTIPLE CONSTRUCTION (X3) DATE SURVEY (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: STATEMENT OF DEFICIENCIES COMPLETED AND PLAN OF CORRECTION A. BUILDING B. WING 05/07/2014 44E308 STREET ADDRESS, CITY, STATE, ZIP CODE NAME OF PROVIDER OR SUPPLIER 505 SOUTH HIGH STREET WAYNE CARE NURSING HOME WAYNESBORO, TN 38485 PROVIDER'S PLAN OF CORRECTION (X5) COMPLETION DATE SUMMARY STATEMENT OF DEFICIENCIES (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE (X4) ID PREFIX (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX REGULATORY OR LSC IDENTIFYING INFORMATION) TAG TAG DEFICIENCY) F 279 Continued From page 1 F 279 the resident's physical and mental condition." Medical record review for Resident #6 documented an admission date of 1/22/04 with diagnoses of Hypercholesterolemia, Depression, Hypertension, Peptic Ulcer, Osteoporosis, Hlatal Hernia, Coronary Artery Disease, Artheriosclerotic Heart Disease, Rheumatoid Arthritis, Insomnia with sleep apnea, Osteoarthritis, Dysphagia, : Diabetes Mellitus, Dementia with Behavior Disturbance, Right Lacunar Infarct, Vascular Dementia, Atrophic, Chronic Urinary Tract Infections, Urinary Retention, Degenerative Disc Disease and Parkinson Disease. Review of the quarterly Minimum Data Set (MDS) dated 4/18/14 and 10/22/14 documented functional limitation in range of motion was impaired on both side of upper extremity. Resident #6's care plan dated 4/18/14 had no documentation for Range of Motion. During an interview in the north Hall on 5/6/14 at 4:10 PM. Nurse #1 was asked who does Range of Motion (ROM) on Resident #6. Nurse #1 stated, "The restorative techs used to until about a month ago. Now the Certified Nursing Assistants (CNAs) do it during the bath, open the hands and washes between fingers and stretches the arms out. Nurses do them also, like I know when I work, I do them when I go in to do PEG [Percutaneous Endoscopy Gastrostomy] tube site cleaning. Open her hands and extend her arms, they are not fully contracted you can open hands and extend arms." During an interview in room 120 on 5/7/14 at 9:00 AM, the Director of Nursing (DON) stated, "About the ROM on [named Resident #6] I have found

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	out that the nurse of destroyed the pape the end of the mont don't know why, but when I do her plan of CNA that did all the to stop that due to come LPNs [Lie each shift are assign ROMs"	ver the restorative program rwork, She pulled the forms at the and shredded them. I just the she can explain it to me of correction. We had one restorative every day but had cost containment. Now CNAs censed Practical Nurses] on ned some residents to do	:= :::::::::::::::::::::::::::::::::::		Paged on the gamprahan		
SS=D	IN RANGE OF MO Based on the comp resident, the facility with a limited range appropriate treatme range of motion and decrease in range of	rehensive assessment of a must ensure that a resident of motion receives and services to increase d/or to prevent further of motion.	, a	310	Based on the comprehen assessment of a reside the facility will ensu that a resident with a limited range of motio receives appropriate treatment and services increase range of motio and/or to prevent furtidecrease in range of motion exercises.	nt, re n to on her otion. ses	5/8/14
50 S	by: Based on medical was determined the treatment and servi further decline in ra 3 (Resident #6) san contractures of the stage 2 review. The findings include Medical record revi	ew for Resident #6 mission date of 1/22/04 with	14		will be provided to Rea #6 and any other reside or more times a week indicated to prevent a decline in range of more these exercises will be done by nursing and documented on the CNA documentation record of LPN treatment record. will be monitored month the RN staff. The RN swill report to QA commit quarterly x 1 year r/t	ent 3 tion.	
1	diagnoses of Hyper	cholesterolemia, Depression, ic Ulcer, Osteoporosis, Hiatel			monitoring of completic range of motion exercis	on of ses	

DEPARTMENT OF HEALTH AND HUMAN SERVICES OMB NO. 0938-0391 CENTERS FOR MEDICARE & MEDICAID SERVICES (X3) DATE SURVEY (X2) MULTIPLE CONSTRUCTION STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION (X1) PROVIDER/SUPPLIER/CLIA COMPLETED IDENTIFICATION NUMBER: A. BUILDING\_ 05/07/2014 B. WING 44E308 STREET ADDRESS, CITY, STATE, ZIP CODE NAME OF PROVIDER OR SUPPLIER 505 SOUTH HIGH STREET WAYNE CARE NURSING HOME WAYNESBORO, TN 38485 PROVIDER'S PLAN OF CORRECTION (X5) COMPLETION SUMMARY STATEMENT OF DEFICIENCIES (X4) ID PREFIX PREFIX (EACH CORRECTIVE ACTION SHOULD BE (EACH DEFICIENCY MUST BE PRECEDED BY FULL DATE CROSS-REFERENCED TO THE APPROPRIATE REGULATORY OR LSC IDENTIFYING INFORMATION) TAG TAG DEFICIENCY) F318 on residents with limited F 318 Continued From page 3 Hernia, Coronary Artery Disease, Artheriosclerotic range of motion. If no further issues after 1 year Heart Disease, Rheumatoid Arthritis, Insomnia reporting to QA committee with sleep apnea, Osteoarthritis, Dysphagla, Diabetes Mellitus, Dementia with Behavior may be discontinued. Disturbance, Right Lacunar Infarct, Vascular Dementia, Atrophic, Chronic Urlnary Tract Infections, Urinary Retention, Degenerative Disc Disease and Parkinson Disease. · Review of the quarterly Minimum Data Set (MDS) dated 4/18/14 and 10/22/14 documented functional limitation in range of motion was impaired on both side of upper extremity. Resident #6's care plan dated 4/18/14 had no documentation for Range of Motion. During an interview in the north Hall on 5/6/14 at 4:10 PM, Nurse #1 was asked who does Range of Motion (ROM) on Resident #6. Nurse #1 stated, "The restorative techs used to until about a month ago. Now the Certified Nursing Assistants (CNAs) do it during the bath, open the hands and washes between fingers and stretches the arms out. Nurses do them also, like I know when I work, I do them when I go in to do PEG [Percutaneous Endoscopy Gastrostomy] tube site cleaning. Open her hands and extend her arms, they are not fully contracted you can open hands and extend arms." During an interview in room 120 on 5/7/14 at 9:00 AM, the Director of Nursing (DON) stated, "About the ROM on [named Resident #6] I have found out that the nurse over the restorative program destroyed the paperwork. She pulled the forms at the end of the month and shredded them. I just don't know why, but she can explain it to me when I do her plan of correction. We had one CNA that did all the restorative every day but had

DEPAR	IMENT OF HEALTH	& MEDICAID SERVICES			OMB NO. 0938-039
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Wayne Care Nursing Home RESIDENT CARE PLAN

U/R/B: N / 107 / A

Name: MABLE CARSON

Run Date: 05/12/2014

Team Conference Date: 05/08/2014 Page 1 of 1

	Date Of Birth: 11/21/1924 (89)	Primary Language: English Laundry By:	
	Approach Frequency	th rey	Discipline
furth days	Resident will maintain current range of motion with no further decline in joint contracture over the next 90 days or by 0806/2014.  Goal Date: 08/06/2014		
	Inge App	Nursing staff to provide ROM on arms, wrist and fingers to extent possible on evening shift. Approach Start Date: 05/08/2014	Z O AN
	2 Prov	Provide full assistance during range of motion. Approach Start Date: 05/08/2014	N O N A
	3 Mon spas App	Monitor for presence of paln, intoferance, or muscle spasm during range of motiton. Approach Start Date: 05/08/2014	CNA
	4 Main App	Maintain body in functional alignment when at rest. Approach Start Date: 05/08/2014	CNA
i-	S Insperience and the Approximation of the Approxim	Inspect skin daily during bathing. Observe and report any red or broken areas to Nurse. Approach Start Date: 05/08/2014	CNA
- Minor	6 Monii Appr	Monitor and record any increased stiffness in joints. Approach Start Date: 05/08/2014	N O N

MAY 63 2003



# State of Tennessee Department of Health DIVISION OF HEALTH CARE FACILITIES WEST TENNESSEE REGIONAL OFFICE

2975 Highway 45 Bypass, Suite C Jackson, Tennessee 38305 Phone: (731) 984-9684 Fax: (731) 512-0063

October 21, 2014

Ms. Pamela Reed, Administrator Waynesboro Health and Rehabilitation Center 104 J. V. Mangubat Drive Waynesboro, TN 38485

RE:

CCN 44-E464/License # 278 Change of Ownership

Dear Ms. Reed:

This office has received notification for the following change of information regarding your facility:

Change of Ownership effective 8/1/2014, with legal business name of Waynesboro Healthcare, LLC; dba Waynesboro Health and Rehabilitation Center; managed by Health Services Management Group LLC, 485 Central Avenue NE, Cleveland, TN 37311.

Our records now reflect these changes. If the West Tennessee Regional Office of Health Care Facilities can ever be of assistance, please do not hesitate to contact us.

Sincerely.

Jan Prigdy, RN

Public Health Nurse Consultant 2

JP/mp/

cc: Medicaid Provider Enrollment (Klasha Curry-Ray)
Information Technology Services Division (Dolores Willis)
Health Services Management Group LLC (Kelli Canan)

Note to the fiscal intermediary: This letter replaces the HCFA-2007 provider tie-in notice



# TENNESSEE DEPARTMENT OF HEALTH DIVISION OF HEALTH LICENSURE AND REGULATION OFFICE OF HEALTH CARE FACILITIES 665 MAINSTREAM DRIVE SECOND FLOOR NASHVILLE, TN 37243

October 6, 2014

TAMMY STULTS
WAYNE CARE NURSING HOME
505 SOUTH HIGH STREET
WAYNESBORO, TN 38485

Facility Type: Nursing Home

License Number: 277

Dear Administrator:

License number 277 has been issued due to the change of ownership for WAYNE CARE NURSING HOME effective August 1, 2014. This facility is licensed for 46 beds. The previous owner of this facility was Wayne County. The name of the facility has not changed.

A license will be forwarded to your facility within the next seven to ten days.

The administrator of the facility is Tammy Stults.

For certification purposes please be advised it is your responsibility to contact your Health Care Facilities regional office to make changes to your Medicare/Medicaid participation including a name change of the facility. The West phone number is 731-984-9684.

Please contact me if I can be of further assistance.

Sincerely,

Linda McLear, ASAII Health Care Facilities Licensure Unit

LA1

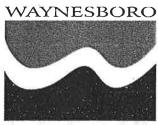
cc:

West TN Regional Administrator
Medicaid Provider Enrollment
Health Services and Developmental Agency
Nerissa Harvey, Policy Planning and Assessment
Jay Taylor, Deputy of Long Term Care Operations, TennCare
Lonnie Matthews, Division of Health Statistics
Madeline Coleman, Quality Improvement Section
Jerry Blasigame, State Long Term Care Ombudsman
Medical Cost Audit
Habib Hanna, Fiscal Services
Linda Bedrin, HCQIP, Director, Q Source
Ron Taylor, Tennessee Health Care Association
Tennessee Hospital Association
Dee Ganaway, Office for Information Technology Services
Shay Inman, Fiscal Services for Nursing Home Information

# SUPPLEMENTAL - #1 -Copy-

Waynesboro Health and Rehabilitation Center

CN1411-045



Health & Rehabilitation Center

Mr. Phillip Earhart
Health Services Development Examiner
Health Services & Development Agency
Andrew Jackson Building, 9<sup>th</sup> Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need Application CN1411-045
Waynesboro Health and Rehabilitation Center

Mr. Earnart,

We received your request for supplement information for the above-referenced project. Please find our responses in the same order as in your letter dated November 16, 2014 below:

- 1. Section A, Applicant Profile, Item 5 Please see Attachment "1,"
- 2. Section A, Applicant Profile, Item 6 Please see Attachment "2,"
- 3. Section A, Applicant Profile, Item 13 Please see Attachment "3,"
- 4. Section B, Project Description, Item I Please see Attachment "4"
- 5. Section B, Project Description, Item II.A. and B. Please see Attachment "5"
- 6. Section C. Need 1.a. (Service Specific Criteria-Construction, Renovation, Expansion, and Replacement of Health Care Institutions) (1) (a.) Please see Attachment "6"

Mr. Phillip Earhart November 20, 2014 Page 2 November 20, 2014 3:38 pm

- 7. Section C. Need 1.a. (Service Specific Criteria-Construction, Renovation, Expansion, and Replacement of Health Care Institutions) (2) (a.) Please see Attachment "7"
- 8. Section C. Need 1.a. (Service Specific Criteria-construction, Renovation, Expansion, and Replacement of Health Care Institutions) (3) (b.)
  Please see Attachment "8"
- 9. Section C, Need, Item 3 (Service Area) Please see Attachment "9"
- 10. Section C. Need, Item 5 Please see Attachment "10"
- 11. Section C. Need, Item 6 Please see Attachment "11"
- 12. Section C, Economic Feasibility, Item 2
  Please see Attachment "12"
- 13. Section C, Economic Feasibility, Item 3 Please see Attachment "13"
- 14. Section C, Economic Feasibility, Item 4 (Historical Data Chart)
  Please see Attachment "14"
- 15. Section C, Economic Feasibility, Item 4 (Projected Data Chart)
  Please see Attachment "15"
- 16. Section C, Economic Feasibility, Item 5 Please see Attachment "16"
- 17. Section C, Economic Feasibility, Item 6.A. and 6.B. Please see Attachment "17"
- 18. Section C, Economic Feasibility, Item 7 Please see Attachment "18"
- 19. Section C, Economic Feasibility, Item 10 Please see Attachment "19"
- 20. Section C. Contribution to the Orderly of Health Care, Item. 7 (c.) Please see Attachment "20"

Mr. Phillip Earhart November 20, 2014 Page 3

- 21. Section C. Contribution to the Orderly of Health Care, Item. 8 and 9 Please see Attachment "21"
- 22. Section C. Contribution to the Orderly of Health Care, Item. 10
  Please see Attachment "22"

# 23. Project Completion Forecast Chart Please see Attachment "23"

Should you have any questions or need additional information, please contact me at 423-470-9232.

Respectfully Submitted,

Kelli Canan

Project Manager

Cc: Thomas D. Johnson, Chief Manager

Ann Reed, Director of Licensure

#### Attachment "1"

SUPPLEMENTAL #1
November 20, 2014
3:38 pm

Section A, Applicant Profile, Item 5

**QUESTION:** 

Please describe the management entity's experience in providing management services to nursing homes.

**RESPONSE:** 

Please see HSMG, LLC Company Overview embedded below.

## HEALTH SERVICES MANAGEMENT GROUP, LLC

**COMPANY OVERVIEW** 

#### **HEALTH SERVICES MANAGEMENT GROUP**

Health Services Management Group, LLC ("HSMG") is a privately owned company located in Cleveland, Tennessee that provides management services for nine nursing facilities and three home health agencies.

HSMG is a full-service management company staffed with experienced, caring professionals in the long-term care industry. Our facilities provide high quality skilled nursing care, short-term rehabilitation, and long-term health care services to meet the needs of residents and their families.

Unlike many small to mid-size long-term healthcare companies, Health Services has chosen to provide staffing for all disciplines necessary to deliver exceptional care both at our present size and for the anticipated growth during the coming months. HSMG focused on the needs of our facilities and understands that quality care of our residents is the heartbeat of our company. Our small size enables us to respond readily to the needs of our facilities in providing the best quality care.

#### **COMPANY HISTORY**

Health Services, Inc., ("HSI"), predecessor to Health Services Management Group, LLC, was formed in 1991 to perform merger and acquisition services to third-party owner/operators, to acquire facilities for the HSI portfolio for leasing back to the third-party operators, and to serve as a Receiver for troubled properties.

From 1991 until 2005, HSI was appointed seventeen times by courts in Michigan, Ohio, Tennessee, California, Indiana and Georgia to serve as receiver to "fix" properties through management of operations, or to close and dispose of these troubled properties. These seventeen receiverships were granted by the courts and endorsed by bond trustees including Norwest Bank, Union Planters, Fifth Third Bank, Bank of New York, Wells Fargo Bank, and others. Under the 2002 approval of a Memphis Bankruptcy Court and corresponding Creditor Committee, HSI formed a single-asset entity to operate and bring to a controlled closing an inner-city, 238-bed property in Detroit, Michigan.

As our experience with the workouts of troubled properties grew, we were engaged by three troubled, not-for-profit corporations to replace their Board members and to help maximize their assets through closures, bankruptcy, receiverships, or improved operations. Following is a list of the facilities for which we were given charge through receiverships, bankruptcy court appointments or non-profit corporations.

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#### **Receivership Facilities**

Indiana Westside Healthcare Ohio Villa North Healthcare & Rehab Tennessee **Eastside Caring Center** Parkway Healthcare Tennessee Georgia Premier Care & Rehabilitation Wisconsin Sunnyview Nursing Home Wisconsin Gillett Nursing Home Wisconsin Rivers Bend Nursing Home Riley Care Center Indiana Indiana Delaware Nursing Home Indiana **Rural Nursing Center** Crestview Nursing Center Indiana California Garden Terrace Nursing & Rehabilitation **Bay Shores Nursing Center** Michigan Michigan Marion Manor Nursing Home Cambridge Nursing & Rehab Center Michigan

#### **Bankruptcy Court Facility**

Arnold Home Nursing Center Michigan

#### **Troubled Not-for-Profit Facilities**

Pioneer Care Center Colorado
South Shore Nursing Center Indiana
Concordia Care Center Minnesota
West Toledo Care Center Ohio
Black Earth Nursing Home Wisconsin
Deport Nursing Center Texas
Oakmont Assisted Living Florida

In 2000, HSI began acquiring facilities for its own portfolio. We initially provided accounting and human resources services for these buildings, but did not become a full-service management company until 2005, when Health Services Management Group, LLC began operation. Since its founding in 2005, Health Services Management Group has experienced consistent growth. HSMG and affiliates currently own and manage nine skilled nursing facilities and three home health agencies. The company's total annual revenues exceed \$72,000,000, while employing approximately 1,000 people with total payroll and benefits of over \$35,000,000.

#### **CURRENT FACILITIES**

Health Services Management Group operates 1,000+ beds in nine nursing facilities in four states, as well as three home health agencies located in Alabama and Colorado.

The first facility in our portfolio was Mountain Home Health & Rehabilitation in Hendersonville, TN, followed by Beacon Shores Health & Rehabilitation in Virginia Beach, VA, and then Heartland Country Village in Black Earth, WI. The company continued to expand by identifying viable properties, many of which were underperforming.

MidSouth Health & Rehab Center in Memphis was acquired in April 2006. The following year another facility in Memphis, Ashton Place Health & Rehab Center, was acquired. Horizon Health & Rehabilitation Center in Manchester, TN was added in 2011.

The table below lists the current nursing facilities:

State	<u>Facility</u>	Location	<u>Beds</u>	
Tennessee	ennessee Horizon Health and Rehab Center		72	
Tennessee	MidSouth Health and Rehabilitation Center	Memphis	155	
Tennessee	Ashton Place Health & Rehabilitation Center	Memphis	211	
Tennessee	Ardmore Health & Rehabilitation Center	Ardmore	79	
Tennessee	Fayetteville Health & Rehabilitation Center	Fayetteville	79	
Tennessee	Willows of Winchester Health & Rehabilitation Center	Winchester	80	
Virginia	Beacon Shores Nursing & Rehabilitation Center	Virginia Beach	180	
Wisconsin	Heartland Country Village	Black Earth	50	
North Carolina	Mountain Home Health & Rehab		134	
Tennessee	Waynesboro Health & Rehab	Waynesboro	109	

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#### HSMG MANAGED FACILITIES/AGENCIES

HSMG

(Management Company)

Profit

Non-Profit

Skilled Nursing Facilities Home Health Agencies

Skilled Nursing Facilities Home Health Agencies

Ardmore Health & Rehab Center

Southern Home Health Heartland Country Village Mountain Creek Home Health

**Pioneer** 

Home Health

Ashton Place Rehab & Health Center

Beacon Shores Nursing & Rehabilitation

&

Fayetteville Health & Rehab

Horizon Health & Rehab

MidSouth Health & Rehab Center

Mountain Home Health & Rehab

Wayne Care Nursing Home

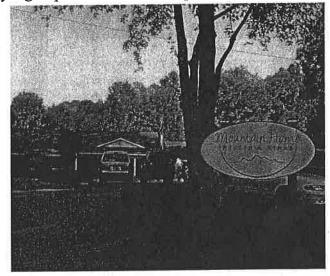
Waynesboro Health & Rehab

Willows at Winchester Health & Rehab

Mountain Home Health & Rehab, the first nursing home in our portions, pure acquired in March 2000. It is a 134-bed facility located in Hendersonville, Tennessee. Originally owned by Sun Health, it was bought out of bankruptcy by a group from Autumn Corporation. This facility

had a very troubled history until Health Services Management Group took over as manager in 2006, at which time the facility made steady improvement, both financially and clinically. The facility participates in both the Medicare and Medicaid programs.

http://www.mountainhomecares.com/



Beacon Shores Nursing & Rehabilitation Center was the second facility Health Services Management Group added to its portfolio. It is a 180-bed property in Virginia Beach,

Virginia. In 2001, Sun Health abandoned this facility during bankruptcy. The facility was purchased by investors and leased to a management company who closed the facility due to its troubled history. Autumn Corporation purchased the property and another management company operated the facility. For various reasons every operator battled clinical and survey issues, many of which came from a difficult physical plant.

Health Services Management Group assumed management of this property in late 2006, with a promise that the lessor would provide



approximately \$800,000 in renovations. The renovations have been completed and operations have improved to enable the lessor to seek CON approval to construct a new facility.

http://www.beaconshorescares.com/

Heartland Country Village in Black Earth, Wisconsin is a 50-bed facility which was acquired in August, 2003.



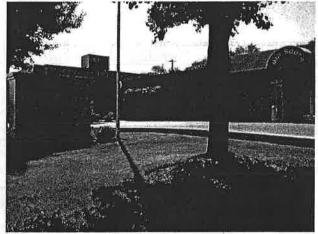
Prior to the acquisition, the facility was one of several troubled operations which the court removed the current operator and appointed Tom Johnson as receiver. Today the facility enjoys a quality reputation as facility of choice for families seeking care.

http://www.heartlandcountryvillage.com/

MidSouth Health & Rehabilitation Center, a 155-bed facility in Memphis, Tennessee, was acquired on April 1, 2006. It was a troubled facility operated by a not-for-profit

organization. After acquiring management of this facility, HSMG improved the clinical care and the financial performance of the facility.

http://www.midsouthrehabcares.com/



Ashton Place Health & Rehab Center a 211-bed facility located in Memphis, Tennessee,

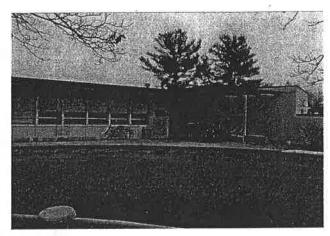
was acquired in late 2007. This property had been very troubled under the prior ownership. In the partial year of operation in 2007 under the prior ownership, the facility had \$876,000 of legal expenses related to disputes with CMS. Since assuming operations, HSMG has made significant improvements in both the clinical care and the financial performance of the facility.

http://www.ashtonplacecares.com/index.html



#### Horizon Health & Rehab

Center, a 72-bed facility located in Manchester, Tennessee, was acquired March 1, 2011. The physical plant was showing its 40+ years of aging causing census to decline during the previous Health Services acquired the operation, improvements to the physical plant structure, and introduced its corporate vendors to the local facility. As services to the community were expanded, census increased and costs decreased. A replacement Certificate



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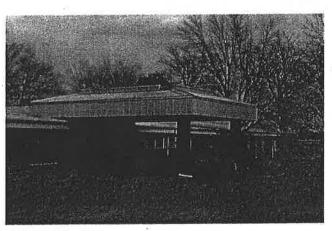
Need has been approved and plans are underway to construct a new replacement facility within the next year.

http://www.horizonrehabcares.com/

#### Ardmore Health and

Rehabilitation Center is a 79-facility located at 25385 Main Street, Ardmore, Tennessee. The building 22,913 square foot brick veneer structure constructed in 1968. Health Services Management Group assumed operations of the facility October 1, 2013 under a lease/purchase transaction.



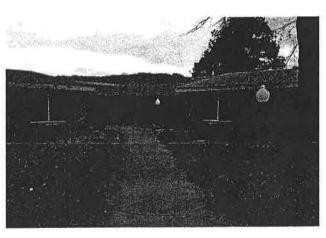


bed

is a

#### Fayetteville Health &

Rehabilitation Center is a 79-bed Skilled Nursing Facility located at Thornton Taylor Parkway in Fayetteville, Tennessee. The 24,299 foot brick veneer building was constructed in 1981. Health Services Management Group assumed operations of the facility October 1,



4081

square

2013

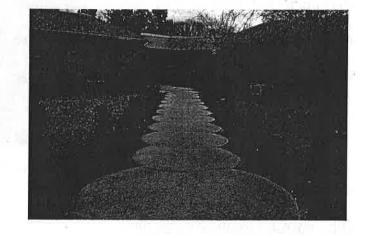
under a lease/purchase transaction.

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<u>Willows of Winchester Health and Rehabilitation Center</u> is an 80-bed skilled nursing facility located at 32 Memorial Drive in Winchester, Tennessee. Health Services Management

Group assumed operations of the facility October 1, 2013 under a lease/purchase transaction. The 24,229 square foot brick veneer building was constructed in 1984.

www.willowsofwinchester.com



#### Waynesboro Health and Rehabilitation Center is a 109-bed skilled nursing facility

located at 104 JV Mangubat Drive, Waynesboro Tennessee. Health Services Management Group assumed management of the facility from Wayne County July 1, 2014 and assumed operations of the facility August 1, 2014. The brick veneer building is 42,000 square feet.



#### **CLINICAL SERVICES**

The goal of the Clinical Services Department is to ensure that each resident receives the care and services necessary for them to attain the highest practicable physical, mental, and psychosocial well-being possible.

This is accomplished by:

- Creating systems, processes and programs to achieve goals and strategic plans:
  - o Conduct root cause analysis of clinical performance for each facility
  - o Review the changes or enhancements per facility to meet quality objectives
  - o Monitor the effectiveness of each program's enhancement through the QA process
  - o Ensure the clinical performance delivered meets Health Services standards and expectations
  - o Evaluate and monitor the risk management program of each facility
  - o Continually train and educate all clinical personnel and administrators
- Assuring that effective employee orientation and educational programs are provided for all levels of nursing and other staff:
  - o Provide instruction and mentoring to Director of Nurses as necessary
  - o Encourage ongoing learning through the use of state-of the-art online systems, through reading professional journals, participating in professional organizations and completing formal academic programs
- Engaging the following core competencies to improve operations:
  - o Problem solving
  - o Root cause analysis and the use of continuous quality improvement programs to effect improvement
  - o Collect, analyze and manage nursing department data
  - O Utilize established benchmark nursing standards as goals for organizational improvements
  - o Exercise effective oral and written communication practices throughout the organization
- Remaining continuously informed of all applicable regulations governing long term care:
  - o Frequent monitoring of CMS web site for policy changes
  - o Membership in professional organizations
  - o Participates in State professional organizational meetings/trainings

The Clinical Services Department is administered by the Corporate Director of Clinical Services (DCS) and reports directly to the Chief Operating Officer (COO). The Resident Assessment Coordinator assists Corporate Clinical Services in ensuring the accuracy of assessments, trends and analysis of data, and verifying that all documentation requirements for the RAI process are

being fulfilled. The Resident Assessment Coordinator reports directly to C3:38 apriClinical Services.

The responsibilities of the Director of Clinical Services include oversight of the delivery of care to ensure performance is at the highest level. With more short-stay patients requiring intense rehabilitation services or medically complex care following a hospital stay, frequent adjustments are required to meet these challenges.

Ongoing communications with all Health Services Directors of Nursing take place to alert the DCS of any facility level challenges the Director of Nursing may be experiencing in the delivery of care and services.

Conference calls are held monthly to support the Directors of Nursing with additional program enhancements, any training or resources that may be required to improve the care and services, and discuss hot-button industry survey, compliance or care practice trends.

Monthly Quality Indicator Reports provide a snapshot of any changes occurring during the previous month that may indicate a system that requires additional oversight. The key indicators are Pressure Ulcer, Mobility, Incident/Accidents, Nutrition, Continence, Medication Utilization, Restorative Nursing and Infection Control. The Quality Indicator Report reflects residents that were in the facility during the preceding month. Each key indicator is associated with a benchmark percentage threshold. If any of the indicators fall outside of Health Services' Standard of Practice, a variance report with corrective action must be submitted along with the report.

Facility visits are conducted monthly by the DSC to validate that systems and processes are being implemented as reported by the Director of Nurses, and to identify any other possible care issues. The DSC then submits a report of their findings and concerns to the Regional Vice President of Operations.

A "Mock Survey" is conducted annually in advance of each facility's survey window to ensure facilities are prepared for their annual Recertification for Participation in Federal Medicare and Medicaid Programs. An action plan is developed to address any areas identified as deficient during the mock survey. The Director of Clinical Services ensures the successful completion of action plans.

#### Specialized Clinical or Clinical Support Programs Implemented in Re 3:38 puns

- Standardization of Policy and Procedure manuals
- Usage of Team TSI on-line program to ensure MDS integrity, produce benchmarked QM comparative data and reveal at risk conditions related to patient care or survey outcomes
- The companywide implementation of the on-line COMs Daylight IQ Clinical Care Management system to produce the highest standard of care for the high-acuity residents and reduce returns to the hospital to levels far below industry averages
- Development of the Wound Care Best Practice Guidelines Program which includes the standardization of wound care products with one vendor
- Creation and implementation of an effective Fall Prevention Program
- Adoption of a Weight Loss Prevention Program
- Bowel and Bladder Program Development
- Standardization of a companywide Enteral Feeding pump program
- Development and implementation of a Medication Aide Program
- Implementation of a consistent assignment program for C.N.A's
- Monitoring and implementation of programs to retain staff and reduce turnover
- Development and Implementation of an Accident Resource Manual and the adoption of the Accident and Incident Module in the American Health Tech clinical program to assist in the reporting and tracking of accidents and incidents
- Standardized orientation program for Director of Nurses, Licensed Nurses and C.N.A's.
- Notification Communication Tool creation for consistency of reporting of critical events.

#### **Acute Care Support Systems**

Recent changes in reimbursement have made it vitally important to the financial health of the enterprise that the highest appropriate level of services is provided to our skilled Part A Medicare residents, Managed Care residents, and residents receiving therapy services funded by Part B Medicare. Demonstrable expertise in this area is also required to effectively market the quality of services to hospitals that will assure the fewest number of readmissions. The following systems and programs support the care for these residents:

- Facility level programs including the daily Standup Meeting and weekly Medicare
  Services Meetings to determine appropriate levels and time frames of resident services
  according to physician's direction and Medicare guidelines, and the usage of the Triple
  Check Program to ensure the facility satisfies compliance and required documentation
  guidelines for billing of services to Medicare and other government and third-party
  payers.
- Usage of the COMs Daylight IQ Clinical Care Management system aids in the
  production of the highest standard of care for our most acutely ill residents by requiring
  assessments three times daily. These assessments are continuously evaluated for any
  change condition and are flagged for intervention in real time. Consequently, nursing care
  is much improved and levels of hospital readmissions are reduced to levels far below
  industry averages.

#### November 20, 2014

- The Therastat MDS Max system, involving the use of kiosks in pata a pridors, enables each CNA to immediately document the care provided, ensuring that credit is received for the care delivered in the form of the most appropriate Resource Utilization Group (RUG) level.
- A monthly conference call between the facility and regional management teams is held to review Medicare/Managed Care-specific reports used to monitor clinical performance. Topics discussed are the following:
  - o Average daily census levels of Medicare/Managed care residents
  - o Average Length of Stay
  - o RUG levels produced based on minutes of therapy delivered and ADL documentation statistics.
  - o Compliance with usage of systems; Team TSI MDS submission levels, COMs assessment compliance and MDS Max utilization
  - o Part B levels of therapy
  - o Managed Care specific issues such as credentialing in progress, billing and authorization requirements.
  - o Regulatory changes forthcoming that effect process and performance in these areas.

#### KEY PERSONNEL

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#### **Executive Management**

Thomas D. Johnson – Managing Member Raymond L. Tyler – Chief Operating Officer Kenneth C. Hart, Jr. - Chief Executive Officer-Legacy Health Care Mitch Skipper – Chief Financial Officer

#### **Corporate Personnel**

Stephanie M. Parker - Controller
Dianne B. King – Sr. Health Care Accountant
Eric Boston- Regional Operations Manager
Donna C. Porter – Director of Human Resources
Kim Cox – Sr. Director of Clinical Services
Terena Raidt-Vice President Sales & Marketing

Thomas D. Johnson has more than 25 years experience in the health care industry. Since 1991, he has served as President of Health Services, Inc. Health Services was formed in 1991 to serve as a merger and acquisition company, but has since grown into a full-service long-term care company offering a full range of management services to our facilities and related companies. In 2005, Mr. Johnson formed Health Services Management Group, LLC and currently serves as President.

During 1989 and 1990, Mr. Johnson served as Executive Vice President of Acquisitions for Krupp Company and Harborside Healthcare, Ltd. From 1986 to 1989 he served as Vice President of Acquisitions for Life Care Affiliates.

Prior to entering the health care industry, Mr. Johnson served as Vice President of Lending for The Cleveland Bank & Trust Company (1977 to 1986) in Cleveland, Tennessee; worked as a sales representative for Lindsay, Bradley & Johnson Advertising, Inc. (1974 to 1977); and played for the National Football League and the World Football League from 1973 to 1975.

Mr. Johnson has served with the American Healthcare Association, the American Banker's Association, the Board of Stewards for Broad Street Methodist Church, and the United Professional Speakers' Association. He is also a member of the United Way and the YMCA Board of Directors.

In 1974, Mr. Johnson received a Bachelor's Degree in Communications from the University of Tennessee; he is a 1983 graduate of the Vanderbilt University School of Banking, and a 1985 graduate of The School of Banking of the South at Louisiana State University.

Raymond L. Tyler joined Health Services Management Group in Feb. 1, as Chief Operating Officer.

Mr. Tyler is a seasoned veteran in the health care industry as well as a licensed nursing home administrator. Beginning in 1982, he served as Vice President of Operations for Beverly Enterprises' Florida operations. After a long tenure with the Beverly organization, he served as operations executive for Life Care Centers of America, National Heritage, Wesley Health Services, Vencor, and Advocat/Diversicare.

While serving as Chief Operating Officer for Advocat/Diversicare, Mr. Tyler was instrumental in the financial turnaround of the company from a loss in 2001 to a progressively positive cash flow position approaching \$17,000,000 in 2008. In 2008, Ray guided the assimilation of seven skilled Texas facilities, with 1,386 beds, into Diversicare's operations portfolio.

Mr. Tyler previously served as the Multi-facility Vice President for the very successful Florida Health Care Association, the legislative/reimbursement committee of the Colorado Health Care Association, and has maintained status as a Board Member at Large on the Massachusetts Federation of Nursing Homes.

Mr. Tyler holds a Bachelor of Arts degree in Psychology from Wittenberg University in Springfield, Ohio, as well as a Master of Arts degree in Social Gerontology from the University of South Florida in Tampa.

S. Mitchell Skipper joined Health Services Management Group in August 2014 as Chief Financial Officer.

Mr. Skipper comes to us with a broad range of experience in the financial arena. He spent six years in public accounting as Senior Auditor with Arthur Andersen and Company. Mr. Skipper served as Chief Financial Officer for Thunder Enterprises, a real estate development company, as well as for Jones Management, where he was responsible for the overall financial planning, controls and reporting for multiple limited liability companies and corporations.

Prior to joining Health Services, Mr. Skipper served ten years as CFO for Brenda Lawson and Associates, with business in real estate development, railcar technology, import and sales of building materials to mass merchandisers, finance companies and auto dealerships.

Mr. Skipper, a 21-year CPA, is a graduate of the University of Tennessee at Chattanooga.

Stephanie M. Parker joined Health Services in August 2014 as Financial Controller.

Ms. Parker has over 20 years of experience in the financial field, with the majority being in long-term healthcare. She worked for Life Care Centers of America, Inc., a long-term healthcare company with approximately 260 skilled nursing facilities, where she advanced from Senior Staff Accountant to Operations Finance Director. Stephanie came to Health Services from New Beginnings, where, as Vice President of Finance, she was instrumental in setting up this new

long-term care company. Stephanie was responsible for the financial **3738** of 15 SNF facilities, corporate and additional entities formed by ownership.

Kenneth C. Hart, Jr. joined Health Services in May of 1999 as Chief Financial Officer. Mr. Hart currently serves as Chief Executive Officer of Legacy Health Care, LLC, a health care consulting firm.

Prior to joining our organization, Mr. Hart was Controller and Secretary for American Uniform Company from 1970 – 1999. Mr. Hart has served in various capacities for the Board of Directors of the United Way of Bradley County, where he received the 1994 Volunteer of the Year Award. He has served as Secretary/Treasurer and past President of the Cleveland Family YMCA, and was the recipient of the C.L. Hardwick Award as Volunteer of the Year. Mr. Hart is past Chairman of the Administrative Board, Chairman of the Board of Trustees and is currently Treasurer of Broad Street United Methodist Church.

Mr. Hart is a graduate of the University of Alabama with a B.S. degree in Accounting.

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#### **BUSINESS REFERENCES**

Mr. John W. (Jack) Dwyer Capital Funding Group, Inc. 1511 S. Highland Avenue Suite 204 Baltimore, MD 21224 Phone: (410) 342-3155 jdwyer@capfundinc.com

Capital Funding Group, Inc. provides a working line of credit in excess of \$8,000,000.

Mr. Arnold M. Whitman CEO& Co-Chairman Formation Capital 1035 Powers Place Alpharetta, GA 30004 Phone: (800) 845-1695 awhitman@formationcapital.com

Formation Capital was the lender for a purchase, lease-back financing arrangement.

Mr. Steve Ledbetter
Executive Vice President
Southern Heritage Bank
3020 Keith Street
Cleveland, TN 37312
Phone: 423-473-7980
sledbetter@southernheritagebank.com

Southern Heritage Bank is the institution with whom Health Services Management Group banks.

Mr. Jay Leggett
Athens Federal Community Bank
3855 N. Ocoee Street\
Suite 100
Cleveland, TN 37312
423-476-0667
jayl@athensfederal.com

Athens Federal Community Bank has provided financing for one of our properties and expressed interested in providing additional funding for our operations.

Attachment "2"

#### SUPPLEMENTAL #1

November 20, 2014 3:38 pm

#### Section A, Applicant Profile, Item 6

#### **QUESTION:**

The various leases and purchase agreements are confusing. Please identify which documents are pertinent to this CON application.

The Agency will need a deed, a purchase agreement, lease agreement, option to lease or other legal document which demonstrates the applicant has a legitimate legal interest in the property on which to locate the project. A fully executed (signed by both parties) Option to Purchase must at least include the expected purchase price, a description of the property with address and the anticipated date of closing. A fully executed Option to Lease must at least include the expected term of the lease and the anticipated lease payments.

#### **RESPONSE:**

Please see DRAFT "Letter of Agreement" embedded below.

Note: This was submitted to HSDA to confirm that it satisfies the request above.

The Parties are ready to sign the Letter of Agreement as-is pursuant to the confirmation by HSDA. Once confirmed and signed, we will submit the signed document in a supplemental response.

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#### DRAFT "Letter of Agreement"

Wayne Real Estate Investors, LLC 1175 Peachtree Street, NE, Suite 350 Atlanta, GA 30361 November \_\_\_, 2014 LETTER OF AGREEMENT

Waynesboro Healthcare, LLC c/o Health Services Management Group, LLC 485 Central Avenue, NE Cleveland, TN 37311

Attention: Thomas D. Johnson, President

RE: Term Sheet for Investment by Wayne Real Estate Investors, LLC, a Delaware limited liability company ("Landlord") in Projects to be operated by Waynesboro Healthcare, LLC, a Tennessee limited liability company ("Licensee")

Dear Mr. Johnson:

Landlord confirms that it is prepared to enter into the following specific transactions with Licensee concerning (i) the acquisition of that certain 109 bed skilled nursing facility located at 104 J.V. Mangubat Drive, Waynesboro, TN known as "Wayne County Nursing Home"; (ii) the acquisition of that certain 46-bed skilled nursing facility located at 505 South High Street, Waynesboro, TN known as "Wayne Care Nursing Home"; (iii) the renovation and expansion of Wayne County Nursing Home and the transfer of licensed beds to Wayne County Nursing Home from Wayne Care Nursing Home; and (iv) closure and disposition of Wayne Care Nursing Home (collectively, the "Project"):

#### 1. Landlord's Landlord Investment:

- a. Landlord will purchase the Project by assignment of the existing Purchase and Sale Agreement by and between County of Wayne, Tennessee. (seller) and Waynesboro Healthcare, LLC (buyer) ("Purchase Agreement").
- b. "Landlord Investment" means the cumulative total of all costs incurred by Landlord, including total purchase price of the project, construction and renovation costs, closing and diligence costs, legal expenses, filing fees, the Financing Fees and all other fees and fees incurred by Landlord in connection with the Project. It is understood that Landlord Investment includes, without limitation, the following: (a) acquisition costs of \$4,000,000 pursuant to the Purchase Agreement, and (b) total hard and soft costs of construction and renovation of \$5,658,317.63.

#### 2. Lease of Properties:

a. Landlord will enter into a Triple Net Lease of the Project to Licensee.

- 3. Major Provisions of Lease:
  - a. There will be a Security Deposit under the Lease which shall be deposited by Licensee.
  - b. The Lease will provide that management fees shall be subject to a ceiling and shall be subordinated in the event of a default by Licensee.
  - c. The Lease will contain provisions concerning the sale of the project and application of sales proceeds.
  - d. The Lease will contain other provisions typical for triple net leases, including specific remedies for events of default.
  - e. Other terms of the Lease have been agreed upon by Landlord and Licensee, including certain economic terms which we consider proprietary and shall remain confidential, and these terms will be incorporated in the Lease.
- 4. AR Financing: Licensee will be allowed to pursue AR financing, subject to lender approval, the AR loans not being cross-collateralized with any other financing and intercreditor agreements, if required. Landlord and Licensee may consider whether Landlord will provide accounts receivable financing to Licensee but the same shall not be required.

If you are in agreement with the terms of this letter, please return an executed copy of this letter to my attention.

8	** V	WAYNE RE	AL ESTATI	E INVESTOR	RS, LLC
4 V		Ву:			
Accepted this _ WAYNESBORG By:	day of, 20 O HEALTHCARE		8 2 / <sup>2</sup>		

November 20, 2014 3:38 pm

#### Attachment "3"

Section A, Applicant Profile, Item 13

#### **QUESTION:**

Please identify all TennCare MCOs with which the applicant has contracted and the ones the applicant is still in negotiations.

#### **RESPONSE:**

V	Cennessee Health Plans-Wayne Caynesboro Health & Rehabilita Current MCO Contracts – Level	tion Center	
UnitedHealthcare Commu			
Amerigroup			
TennCare Select	88		
	The state of the s		

Mid		Health & Reha	ayne County, I bilitation Cento Level II Medica	er
UnitedHealthcare Co	ommunity Plan – E	xpansion to all 1	product lines	
Amerigroup - Expan	nsion to all product	lines		
TennCare Select - F				
TRICARE	2!			4
Humana			700	
		9		

\*Level II Medicare Enrollment has been initiated via Letter of Intent to Regina Moody in the West Regional Office of Licensure and Certification on September 17, 2014. The first step of the CMS 855A initial enrollment has been completed and we expect to that the CMS855A completed by the end of 2014. We anticipate participation approval approximately six months from submission of the CMS 855A. The table below shows MCOs we will anticipate contracting with for Level II Medicare.

Middle Tennessee Health Plans – Wayne County, Tennessee Waynesboro Health & Rehabilitation Center Projected MCO Contracts – Level II Medicare	
United Healthcare Community Plan – Expansion to all product lines	
Amerigroup – Expansion to all product lines	
TennCare Select – Expansion to all product lines	
Windsor	
Health Spring	
TRICARE	

<sup>\*</sup>Commercial Plans: Aetna and Cigna Letters of Agreement at patient request.

#### Attachment "4"

November 20, 2014 3:38 pm

#### Section B, Project Description, Item 1

#### **QUESTION:**

The applicant states the residents of the 46 bed Wayne County Nursing Home have been transitioned to other providers. How many were transitioned and what nursing homes were they transitioned to?

#### **RESPONSE:**

On August 1, 2014, the day Waynesboro Healthcare, LLC began operations of the two Wayne County facilities, there were twenty-five (25) total residents of Wayne Care Nursing Home. One (1) resident expired on August 13, 2014. Twenty-four (24) residents were admitted to Waynesboro Health & Rehabilitation Center between August 18, 2014 and August 24, 2014. (Note: the last Wayne Care resident was in the Wayne County Hospital and upon discharge moved to Waynesboro Health & Rehabilitation Center on August 24, 2014.)

#### **OUESTION:**

What is the census of the 109 Waynesboro Health & Rehabilitation Center (f/k/a Wayne County Nursing Home)?

#### **RESPONSE:**

The current census of WHRC is:

Census as of midnight 11-19-14

Total: 93(70Medicaid / 11 PP / 3 VA / 8 Hospice / 1 Pending)

#### **OUESTION:**

Who is the current owner of the 109 bed Waynesboro Health and Rehabilitation Center (f/k/a Wayne County Nursing Home)?

#### **RESPONSE:**

The current owner of Waynesboro Health and Rehabilitation Center's Real Property is Wayne County.

The current Operator of Waynesboro Health and Rehabilitation Center's 109 beds is <u>Waynesboro Healthcare</u>, <u>LLC</u>.

The current Manager of Waynesboro Health & Rehabilitation Center is Health Services Management Group.

**Note:** Waynesboro Healthcare, LLC's acquisition rights will be assigned to Wayne Real Estate Investors, LLC as Lessor. Waynesboro Healthcare, LLC will remain the lessee/licensee.

	November 20, 2014
	Chronological Events – Historical 3:38 pm
June 30,	Waynesboro Healthcare, LLC signed a purchase agreement (for purchase of Wayne
2014	County Nursing Home and Wayne Care Nursing Home) with Wayne County and
9.	anticipated closing date of six (6) month following licensure date.
June 30,	A six (6) month lease agreement and operations transfer agreement (OTA) effective
2014	August 1, 2014 are signed between Waynesboro Healthcare, LLC and Wayne
	County for the 109 bed Wayne County Nursing Home and for the 46 bed Wayne
	Care Nursing Home.
June 30,	Management Agreement signed between Waynesboro Health, LLC and Wayne
2014	County.
July 1-July	Waynesboro Healthcare, LLC managed Wayne County Nursing Home and Wayne
30	Care Nursing Home.
August 1,	Waynesboro Healthcare, LLC (the Applicant) began operating Wayne County
2014	Nursing Home and Wayne Care Nursing Home
August 1,	Waynesboro Healthcare, LLC and Health Services Management Group enter a
2014	Management Agreement effective August 1, 2014.
August 11,	Letter are sent to patients of the 46 bed Wayne Care Nursing Home informing of
2014	the nursing home closure.
August	The twenty-four (24) residents of Wayne Care Nursing Home are transitioned to
18-August	109 bed Waynesboro Health & Rehabilitation Center (Note: twenty-three (23)
24, 2014	residents were moved from Wayne Care; 1 resident was in the hospital at the time
	and transitioned to Waynesboro on August 24 upon discharge)
August 24,	The 46 bed Wayne Care Nursing Home closes on August 24 in proper procedure
2014	for inactive-bed determination request with the Tennessee Dept. of Health.
September	46 beds of Wayne Care Nursing Home are placed in "inactive status" effective
10, 2014	September 10, 2014. Letter from Tennessee Dept. of Health dated October 24, 2014
October	A letter is sent from the Tennessee Dept. of Health confirming the change of
21, 2014	ownership, with a legal business name of Waynesboro Healthcare, LLC d/b/a
	Waynesboro Health and Rehabilitation Center managed by Health Services
	Management Group, LLC effective 8/1/2014.
	Chronological Events - Projected
Nov. 5,	CON-CN1411-045: LOI and Publication of Intent filed and published respectively
2014	CONT CONTACT 1 '44 14 TYCEN A CC
Nov. 10,	CON-CN1411-045 submitted to HSDA office
2014	The gard and the stime of the state of the s
	The new construction addition and renovation to the 109 bed Waynesboro Health &
< 1	Rehabilitation Center (f/k/a Wayne County Nursing Home), will combine the two
/4	licensed homes into a 155 bed licensed nursing home. <b>Note:</b> the new additional will
	encompass 54 beds (not 46), as 8 of the existing patient rooms of the Waynesboro
	facility will be utilized for therapy space. Please see floor plan at Attachment "13"
	of the original CON application.  Waynesboro Healthcare, LLC's acquisition rights will be assigned to Wayne Real
	Estate Investors, LLC as Lessor. Waynesboro Healthcare, LLC will remain the
	lessee/licensee.
	The project will be funded by a loan from Georgia Commerce Bank to Wayne Real
	Estate Investors, LLC for \$6,000,000.00 to fund the proposed project.
	Listate investors, Libe for 40,000,000.00 to fund the proposed project.

Please see Attachment "2" of this supplemental submission. I The property with detailed transaction explanation.

#### **QUESTION:**

Please provide a description of the amenities provided by the proposed replacement facility that promotes resident independence, organized activities, and the resident privacy. Also, please provide a brief description of the physical plant and the type of rehabilitation services available.

#### **RESPONSE:**

Amenities that promote: Resident Independence, Organized Activities and Resident Privacy -

The replacement and renovation project will enhance patient life as well as enhance the staff who interact with the patients. The largest amenity will be the increased overall space available to the residents of Wayne County under one roof. This allows residents to move freely in a larger indoor space and also to a new outdoor space. Also, the aging population of Wayne County will be unified as opposed to divided, which brings the sense of community back to their lives.

The Wayne Care facility did not have toilets and sinks in the patient rooms. The renovated space will have private bathrooms with a shower in each resident room. This allows for much greater privacy and comfort for the residents. The total ward rooms of both facilities combined is currently 19. The renovation will allow a reduction of ward rooms to 12. We will also gain flexibility within the new space to adapt room mix to "private from semi-private" and "ward to semi-private" in response to patient demand.

The replacement facility will include a raised vegetable and flower garden which is designed to enhance resident independent above and beyond of our already implemented activities of daily living. Furthermore, the renovation will allow space for a designated Activities Area where we will offer arts and crafts and other community activities.

The 18-bed memory unit is another significant amenity which will allow a safe environment that is not currently available to Alzheimer's and Dementia residents of Wayne County. This secured unit will bring a new sense of independence to the community.

#### **OUESTION:**

There appears to be one room designated for physical therapy. Please describe the room and dimension.

#### **RESPONSE:**

The Rehab space will be 950 square feet. The rehab space will accommodate Occupation Therapy, Physical Therapy and Speech Therapy services and the equipment associated with same.

#### **OUESTION:**

Please describe the proposed memory unit and how it will be tailored to meet the needs of Alzheimer's patients.

#### **RESPONSE:**

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The memory unit will be on the lower floor of the addition. There will be **3:38** ipmvate rooms with 18 patient beds. The unit will have a nurse's station; dining room; and activities area. There is an elevator which will allow easy access to the main level. There will be a secured court yard visible and accessible from the patient rooms.

#### Attachment "5"

Section B, Project Description, Item II.A. and B.

#### **QUESTION:**

The applicant is proposing building a two story addition to Wayne Health and Rehabilitation Center (WHRC). Please clarify why a two story addition is being pursued rather than a one story.

#### **RESPONSE:**

The reason for the two story building is due to the topography. The main floor of the addition is at the same elevation as the main floor of the existing building so patient rooms on the addition tie into the patient hallway of the existing building. The result is a lower level for 18 memory care beds with direct access to an outside restricted landscaped courtyard. To further describe the lower level please note that due to this topography the patient rooms will face west and are at ground level. All 18 patient rooms have a window and are a mirror image of the upper level patient rooms.

The proposed floor plan is an economical cost savings approach because the building foundation has to be tall enough to tie into the main floor of the existing building. With the topography sloping toward the rear of the building, the lower level back side of the addition is suitable for patient rooms with direct ground level access to a secured landscaped courtyard.

Furthermore, the boundaries of the property do not allow for northerly expansion beyond the projected architect drawing. There is an access road to the rear of the building and a TVA easement that limits development beyond the proposed plan. We have considered all options, and the contractor has concluded that the two-story proposed plan is the only feasible option to accommodate the additional beds and related dining, rehabilitation and common spaces associated with same.

#### **OUESTION:**

In addition, please clarify how nursing home residents would be evacuated from the second story in the event of an emergency.

#### **RESPONSE:**

Evacuation from the main floor of the addition will be at ground level at either end of the patient rooms. Where the main floor of the addition connects to the main floor of the existing building there is an existing exit in the area identified as "sun room". At the north end of the addition, the door will exit out to a ground level sidewalk which leads to the parking lot area.

Because the topography slopes to the rear of the building, the lower level patient rooms will have two ground level exits at each end of the hall.

#### **QUESTION:**

Please clarify how many residents the 1,400 square foot dining room will seat at one time.

#### **RESPONSE:**

The area will comfortably seat 70 residents. Memory care patients will eat in their own secured dining area. Experience has shown a number of residents prefer to have meals in their room; in accordance with their preference they are served in their room, this is particularly characteristic of short-term rehab patients.

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**QUESTION:** 

Please describe the proposed renovations to the 109 bed Wayne County Nursing Home.

#### **RESPONSE:**

The first improvement to the exiting building will be combining Room 110 (a 4-bed ward) with Room "P-T" which is adjacent. This will allow for a larger and renovated therapy area of 950 square feet. The second improvement to the existing building will be creating a larger dining room and activity area. This will be accomplished by constructing an extension to the front of the building as shown in the proposed floor plan. Furthermore, the exiting office space, dining and activity area will be reconfigured and remodeled.

Third the improvement will be to eliminate two (2) 4-bed wards.

#### **OUESTION:**

The applicant states the original Wayne Care Nursing Home was built in 1976 and is not capable of meeting modern expectations. The 2013 Joint Annual Report for Waynesboro Health and Rehabilitation Center (f/k/a Wayne County Nursing Home) notes it was built in 1969 and has never experienced a renovation. Please discuss why it is better to move from a nursing home built in 1976 with no modern expectations to a nursing home that is 7 years older with no renovations?

#### **RESPONSE:**

The Wayne Care Nursing Home was built in 1976 and is newer as described above. However, the building was constructed very economically, both in materials and layout. The Wayne Care patient rooms do not have private sinks, toilets or showers. The building is in great need of overall replacement due to a leaking roof and other poor quality amenities.

WHRC was built in 1969, and is older as described above. However, the facility was built with higher quality materials and a more traditional layout than Wayne Care. In 1972 there was a renovation which added 42 beds to the original 37 beds. In 1984 there was a second renovation which added another 30 beds increasing the facility licensed beds to 109. The property of WHRC has enough physical space to accommodate the replacement of Wayne Care into one facility which also allows for more feasible staffing and operations as well as a greater sense of community. Prior to submitting the CON, the applicant engaged the services of TERRACON, a recognized authority to access the property condition. WHRC was determined to be in good condition; its physical foundation and roof systems, as well as its HVAC, electrical and plumbing.

#### **QUESTION:**

Did the applicant consider building a new 155 bed nursing home?

#### **RESPONSE:**

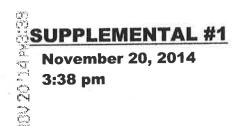
The applicant did consider the option of building a new 155 bed nursing home. However, that option was a more costly alternative and difficult to pay for given the current reimbursement methodology with the TennCare patient population. With the good condition of the existing space, a complete renovation isn't deemed necessary.

#### **QUESTION:**

Please clarify if the current 109 bed WHRC has a restroom in every patient room.

#### **RESPONSE:**

Each patient room of the current 109 bed WHRC has a restroom with a toilet and a sink.



**QUESTION:** 

What is the square footage per bed in Wayne Care Nursing Home and what will be the square footage per bed in the proposed 46 bed new wing of Wayne Health and Rehabilitation Center as compared with state standards?

#### **RESPONSE:**

The Wayne Care facility total square footage is 9760 or 212 sq. ft. per bed; patient bed space per room is only 92.75 square feet.

The new wing addition at WHRC is 20,800 sq. ft. or 385 sq. ft. per bed; patient bed space per room is 193.5 sq. ft.

**QUESTION:** 

What is current and what will be the private, semi-private, and ward accommodations mix? Please complete the chart on the following page.

	Current Rooms	Current Beds	Proposed Rooms	Proposed Beds
Wayne Care Nursing Home	* 0			
Semi-private Rooms	23	46	0	0
Private Rooms	0	0	0	0
Ward Beds	0	0	0	0
Wayne Health and Rehabilitation Center				
Semi-private Rooms	38	76	56	112
Private Rooms	14	14	14	14
4-Bed Ward	4	16	2	8
3-Bed Ward	1	3	11	3
Memory Care	0	0	9	18
Total Beds		109		155

**QUESTION:** 

Research has indicated resident and family preferences for private rooms and private full bathrooms (Kane, Baker, Salmon, & Veazie, 1998). In the last few in years in Tennessee the trend has been toward the development of more private nursing home rooms and the concept of the Eden Alternative. With this in mind, please discuss the reason the applicant is constructing only 14 private rooms with the remaining 32 being semi-private.

#### **RESPONSE:**

The 14 private rooms are existing rooms at WHRC. All rooms in the new addition will be semiprivate and patients will enjoy a larger more spacious room to include a bathroom complete with shower, sink, and toilet. This semi private room design with private full bath area is a cost effective alternative to either remodeling the old Wayne Care building or building a new155 bed facility. The land for the addition to WHRC is included in the acquisition of the 109 bed facility. The TVA easements, topography, and boundary lines place restrictions on construction private rooms in an "Eden Alternative" environment. We are very mindful of the concepts and trends for

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the "Eden Alternative" and have incorporated elements that we can. **3536 pm** the outdoor gardening area, the family style manner in which we serve meals and we increasing dining/common area which allows for vending space.

#### **OUESTION:**

On the top of page 11 the applicant states there will be 18 beds on the lower floor and 36 beds on the upper floor which adds up to 54 beds. In addition, the letter dated October 23, 2014 from the architects; Franklin Associates also mentions a new 54 bed skilled nursing addition. Please clarify why these totals are different from the 46 proposed.

#### **RESPONSE:**

Two (2) 4-bed wards will be eliminated in the existing 109 bed WHRC building. These eight (8) beds will be included in the 46 bed being relocated to the WHRC campus for a total of 54 beds in the addition.

#### **OUESTION:**

Please describe the proposed skilled nursing component of the proposed project. Please clarify if existing rooms and bathrooms will accommodate wheelchairs and meet ADA requirements if Medicare certification is obtained.

#### **RESPONSE:**

The existing rooms and bathroom in the WHRC facility are compliant with ADA requirements. The new addition will also be compliant with current regulations as stated in the architect's letter for Code Compliance.

The applicant will be converting two 4-bed wards to a 950 square foot therapy area which will provide physical therapy, occupational therapy, speech therapy coupled with its Restorative Program. The new therapy area will be in an area adjacent to both the existing private rooms and the new addition.

#### **QUESTION:**

Please expand the discussion on why the physical plant's condition of WHRC warrants major renovation.

#### **RESPONSE:**

The WHRC physical plant condition is in very good condition and the major renovation being requested in the CON is the addition of a 54 bed wing. The reasons for the renovation included:

- Consolidate the two separately operated facilities which historically do not economically
  operate as each facility operates at a loss and requires subsidies from the county
  government.
- Eliminate duplicated services performed at each facility which can be efficiently and economically performed at one facility such as:
  - o Administrator
  - o Director of Nursing
  - o Nurses and CNA
  - o Dietary
  - o Housekeeping
  - o Maintenance

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• Neither WHRC or Wayne Care are Medicare Certified and the reno**3:333** pandition provides for the addition of an efficient Medicare program.

• The renovation/addition provides for the continuum of care of Memory Care patients in a new safe supervised environment which is currently not available to the residents of Wayne County.

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Attachment "6"

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Section C. Need 1.a. (Service Specific Criteria-Construction, Renovation, Expansion, and Replacement of Health Care Institutions) (1) (a.)

#### **QUESTION:**

Please discuss how the Long-term Care Community Choices Act of 2008 has impacted nursing home utilization rates in Wayne County for the years 2011, 2012, and 2013. The Long-term Care Community Choices Act of 2008 allows TennCare to pay for more community and home-based services for seniors such as household assistance, home delivered meals, personal hygiene assistance, adult day care centers and respite.

#### **RESPONSE:**

Although the implementation of the Long-term Care Community Choices Act of 2008 ("CHOICES") has generally resulted in decreases in nursing home utilization rates throughout Tennessee, the impact in Wayne County has not been significant. From 2011 through 2013, the utilization rates of both the Waynesboro Nursing Home and Wayne Care Nursing Home have increased or remained consistent. The utilization of the Wayne Care Nursing Home decreased in 2013 as the facility began ramping down services, but the decrease was not attributable to the implementation of CHOICES.

2013		
28		
82		
_		

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#### Attachment "7"

Section C. Need 1.a. (Service Specific Criteria-Construction, Renovation, Expansion, and Replacement of Health Care Institutions) (2) (a.)

**QUESTION:** 

Please discuss if the applicant considered replacing both nursing homes with a new 155 bed modern facility as an alternative to constructing a 46 bed new wing to Wayne Health and Rehabilitation Center which was built in 1969. If so, why wasn't that plan pursued?

The applicant did look at the alternative of building one new 155 bed facility and the issues considered which lead to adding to the 109 bed WHRC included:

The WHRC physical plant condition is in good condition

o In 2006 the Original 1969 structure was upgraded with new roof system, patient room PTAC units were upgraded, the interior ceiling was replaced and upgraded, and a new HVAC rooftop fresh air system was installed.

WHRC is located adjacent to the Wayne County Hospital and other medical

physician offices.

• The county is mostly rural and sewer is not available to all parts of the county; the county industrial park which was shown to the applicant would require bringing sewer several miles to the site.

**OUESTION:** 

Please indicate when the current 45 year old 109 bed Wayne Health and Rehabilitation Center will need renovation. If renovated, what would be the estimated cost?

**RESPONSE:** 

There are no plans to renovate the current facility other than previously stated. The county has maintained the property with periodic upgrades throughout the life of the building. In 2006 a new roof was put on the entire building. In the original 1969 structure the interior ceiling was replaced, and the PTAC units were replaced. Wayne County has performed regular maintenance and replacement of components as required and paints the interior regularly.

**OUESTION:** 

What are the plans for the former Wayne Care Nursing Home and site?

#### **RESPONSE:**

At this time the final determination is uncertain as to the appropriate end use of the property. The owner will seek to identify a use which will be beneficial to the needs of the citizens of the community.

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#### Attachment "8"

Section C. Need 1.a. (Service Specific Criteria-Construction, Renovation, Expansion, and Replacement of Health Care Institutions) (3) (b.)

#### **OUESTION:**

Please expand the discussion on why the physical plant's condition of WHRC warrants major renovation.

#### **RESPONSE:**

The renovation is the addition of the beds being combined from Wayne Care Nursing Home and to expand services needed in the community to provide skilled Medicare services. The main renovations to WHRC will be to convert two 4- bed wards into a 950 square foot therapy area and to increase dining and common areas to accommodate the needs of the 155 residents.

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## Attachment "9"

Section C, Need, Item 3 (Service Area)

**OUESTION:** 

Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for each county in your proposed service area.

#### **RESPONSE:**

Variable	Wayne County	Tennessee
Current Year (2014), Age 65+	3005	981,984
Projected Year (2018), Age 65+	3219	1,102,413
Age 65+, % Change	7.1%	12.3%
Age 65+, % Total (PY)	214	120,429
2014, Total Population	16,854	6,588,698
2018, Total Population	16,724	6,833,509
Total Pop. % Change	(130)	3.7%
TennCare Enrollees	245	65,672
TennCare Enrollees as a % of Total Population	1.45%	.09%
Median Age	37	38
Median Household Income	\$35,377	\$44,140
Population % Below Poverty Level	20.7%	17.3%

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#### Attachment "10"

Section C. Need, Item 5

#### **QUESTION:**

Please indicate the number of patient referrals the applicant expects from Wayne County Hospital and from other sources in Year One and Two of the proposed project for skilled nursing services.

#### **RESPONSE:**

The referrals from Year One will continue to come from Wayne County Physicians and Wayne County Hospital\*. The facility is projecting a census of 118 patients this first year. The facility is projecting a census of 140 patients for Year two.

According the 2012 JAR for Wayne County Nursing Home 86% of our residents originate from Wayne County referrals. The other 14% originate from Lawrence County and adjacent states such as Alabama and Arkansas.

\* According to the Discharge Planner at Wayne County Hospital, they project 4 Medicaid/month discharging to WHRC. Furthermore, they project 6-8 SNF patients/month discharging to WHRC. Currently the hospital discharges SNF patients to NHC Columbia (Maury County), NCH Lawrenceburg (Lawrence County) or Savannah Healthcare (Hardin County) as there are not SNF beds in Wayne County.

#### Attachment "11"

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Section C. Need, Item 6

**OUESTION:** 

The table of the three year historical occupancy statistics from the Tennessee Joint Annual reports is noted. Please update the table with data from the 2013 Joint Annual Report and resubmit. In addition, please clarify the following discrepancies:

The applicant lists identical patient days of 28,674 for Waynesboro Health and Rehabilitation Center (f/k/a Wayne County Nursing Home) in the 2010 and 2012 Joint Annual Reports. In addition, TennCare patient days are listed as 26,365 and VA patients are listed as 585 in both years. Please clarify if there was a reporting error in patient days for those years. If so, what are the correct patient days for both years?

The Tennessee Department of Health 2010 and 2011 Joint Annual Reports lists patient days of 13,969 and 7,495 for Wayne Care Nursing Home, while the applicant lists 12,410 and 14,965 for those same years in the table on page 23. Please clarify.

#### RESPONSE:

The previously-filed Joint Annual Reports for both Wayne County Nursing Home and Wayne Care Nursing Home were completed by personnel that are no longer employed by the facilities. The JARs were completed by the prior operator. The Applicant has hired personnel with experience in preparing Joint Annual Reports and will provide support as needed to ensure the proper completion of all future Joint Annual Reports. Should any inaccuracies be identified, the Applicant will work with the Office of Health Statistics immediately to correct any issues prior to the finalization of the report. We are working the best we can with the data provided to us. Please complete the following tables:

Proposed 46 beds -Projected Utilization

Year	Licensed Beds	*Medicare- certified beds	SNF Medicare ADC	Level 2 Medicaid ADC	SNF All other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy %
1	46	46	6	30	5	(inc. in level 2)	41	89%
2	46	46	8	32	5	(inc. in level 2)	45	98%

<sup>\*</sup> Includes dually-certified beds

155 Bed Facility-Projected Utilization

Year	Licensed Beds	*Medicare- certified beds	SNF Medicare ADC	Level 2 Medicaid ADC	SNF All other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy %
1	155	155	12	89	.17	(inc in level 2)	118	76%
2	155	155	12	102	19	(inc. in level 2)	133	86%

<sup>\*</sup> Includes dually-certified beds

Please provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

**RESPONSE:** "We anticipate filling the new space first; therefore, the new addition will initially have a higher occupancy projection than the existing/renovated part of the building. Although these projections are for only 2 years, we anticipate that growth will continue to an occupancy rate of 90-95% in year 3.

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#### Attachment "12"

#### Section C, Economic Feasibility, Item 2

#### **OUESTION:**

Please provide the ownership structure of Wayne Real Estate Investors Incorporated and its relationship to the applicant.

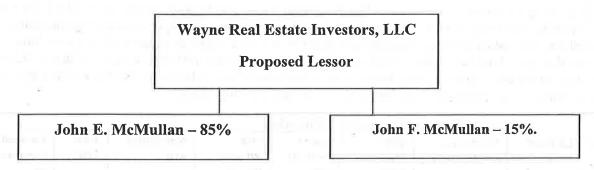
#### **RESPONSE:**

#### **QUESTION:**

Please submit a revised letter from Georgia Commerce Bank indicating the expected interest rate, anticipated term of the loan, and any restrictions or conditions. (ATTACHED)

#### **RESPONSE:**

Please note the Real Property owner entity name is Wayne Real Estate Investors, LLC. The structure is as follows:



Waynesboro Healthcare, LLC

d/b/a Waynesboro Health & Rehabilitation Center

Remain as Lessee/Licensee

The properties are currently leased from Wayne County (Lessor) to Waynesboro Healthcare, LLC (Lessee).

Once the acquisition is complete, ownership will transfer to Wayne Real Estate Investors LLC (Lessor) and Waynesboro Healthcare, LLC (Lessee) will remain the Tenant.

The operations of both centers will be combined, and the resulting facility (Waynesboro Health & Rehabilitation Center located at 104 JV Mangubat Drive, Waynesboro, Tennessee) will consist of a total of 155 skilled nursing beds.

#### Attachment "13"

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## Section C, Economic Feasibility, Item 3

QUESTION:

Please compare the renovated and new construction cost per square foot of the proposed project to nursing homes construction cost per square foot of nursing homes approved by the Agency from 2011 to 2013.

#### **RESPONSE:**

Nursing Home Construction Cost Per Square Foot Years: 2011-2013

	T CHID.	BULL AULU	
	Renovated Construction	New Construction	Total Construction
1 <sup>st</sup> Ouartile	\$25.00/sq ft	\$152.80/sq ft	\$94.55/sq ft
Median	\$55.00/sq ft	\$167.31/sq ft	\$152.80/sq ft
3 <sup>rd</sup> Quartile	\$101.00/sq ft	\$176.00/sq ft	\$167.61/sq ft

Renovated and New Construction Costs Per Square Foot

Category	Square Footage	\$ per square foot	Total Construction \$3,536,000		
Renovation	2952	\$120.00			
New Construction	20,800	\$170.00	\$354,240		
Total Project Cost	23,752	\$163.78	\$3,890,240		

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#### Attachment "14"

Section C, Economic Feasibility, Item 4 (Historical Data Chart)

#### **QUESTION:**

The year of 2014 included in the historical data chart for Wayne County Nursing Home and Wayne Care Nursing Home is noted. However, please clarify what time period is included for the year 2014.

#### **RESPONSE:**

7/1/2013-6/30/2014

#### **QUESTION:**

Please include the actual patient days for 2012, 2013, and 2014 in both Historical Data Charts and resubmit.

#### **RESPONSE:**

Wayne	County	Wayne Care
2012 -	35,995	2012 – 14,377
2013 -	33,452	2013 - 13,388
2014 -	29,982	2014 – 11,432

See Updated Historical Data Chart below:

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**OUESTION:** 

Please clarify why there is no provision for charity care and no contractual adjustments in both the Waynesboro Health and Rehabilitation Center (f/k/a Wayne County Nursing Home) or Wayne Care Nursing Home for 2011, 2012, and 2013.

#### **RESPONSE:**

These NH's are Level I facilities only and bill on a per diem basis so there are no contractual adjustments or charity care. Any difference between the amount billed and collected is merely "bad debts".

#### **QUESTION:**

Waynesboro Health and Rehabilitation Center (f/k/a Wayne County Nursing Home) has interest listed as a capital expenditure for the years 2012, 2013, and 2014. Please clarify what this interest expenditure is allocated to.

#### **RESPONSE:**

Bank notes and bonds issued through County of Wayne, Tennessee

#### **QUESTION:**

The Waynesboro Health and Rehabilitation Center (f/k/a Wayne County Nursing Home) historical chart has a positive deduction for the provision of bad debt and interest in capital expenditures for the year 2014. Please clarify.

#### **RESPONSE:**

The above was prepared by the prior operator and is the best data we have to go by. Per the F/S, bad debt expense was \$63,790 and recovery of bad debts was income of \$10,757, a net expense of \$53,033.

Per the F/S, interest expense was \$43,446.

#### **OUESTION:**

Please complete the "Other expenses" section of the Historical Data Chart that is located at the end of this supplemental request.

#### **RESPONSE:**

See Charts Below

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#### Attachment "15"

Section C, Economic Feasibility, Item 4 (Projected Data Chart)

**OUESTION:** 

Does the Projected Data Chart represent the total nursing home or just the 46 bed wing?

#### **RESPONSE:**

Total nursing home

**OUESTION:** 

Please include the actual patient days for 2012, 2013, and 2014 for the Projected Data Chart utilization data.

#### RESPONSE:

Included

**OUESTION:** 

The management fees do not appear to equal 6% of net revenue as described in the Management Agreement. Please clarify.

#### **RESPONSE:**

The 5% was an error, this has been corrected to 6%

**QUESTION:** 

Why are there no provisions for charity care or bad debt?

#### **RESPONSE:**

The bad debt was included in other expenses as noted on the other expenses line and the bad debt would include charity care as this would be someone admitted with no payor source and would be written off as private bad debt. The bad debt for 2016 is \$39,556 and 2017 is \$64,391 which will be moved to the bad debt line.

**OUESTION:** 

Why is there a positive amount for contractual adjustments for the year 2017?

#### **RESPONSE:**

This is due to the increase in Medicare census which pays at a higher rate than the private census and the Medicaid census. The pick-up in census and rate for Medicare has offset the negative contractual for the other payor sources.

**OUESTION:** 

Please make the necessary corrections and submit a revised Projected Data Chart and Other Expense Chart. The "Other expenses" Section for the Projected Data Chart is located at the end of this supplemental request.

#### **RESPONSE:**

Please see revised Projected Data Chart below:

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## Attachment "17"

## Section C, Economic Feasibility, Item 6.A. and 6.B.

Please address question 6.A. in its entirety. Referring to the applicant's Projected Data Chart is not an adequate response.

The table of charges of facilities in adjoining areas in 2012 is noted. However, please include Wayne County Nursing Home or Wayne Care Nursing Home in the table since they were also in operation during this time. In addition, please add a row to compare the proposed charges of the applicant in Year One of the proposed project.

#### From original application:

- 6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.
  - B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

#### **RESPONSE:**

	Current Charges	Proposed Charges			
Medicaid	\$173.38	\$173.38			
Medicare	n/a	\$408.00			
Private	\$184.38	\$184.38			
Semi-Private	\$184.38	\$184.38			

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#### Attachment "18"

Section C, Economic Feasibility, Item 7

## **QUESTION:**

The combined Wayne County Nursing Home or Wayne Care Nursing Home Net Loss was \$727,353 in 2014. Where will this net loss be absorbed?

#### **RESPONSE:**

This loss was absorbed by the prior owner/operator of the facility which was county owned.

#### **QUESTION:**

How will the applicant be financially viable in Year One?

#### **RESPONSE:**

Combining the two (2) Facilities into one (1) home reduced labor costs and new operator is able to run the facility more efficiently due to a better support system. Avoiding duplication of the staff including the Administrator, Director of Nursing, Registered Nurses and CNAs, Dietary, and maintenance is a significant savings.

November 20, 2014 3:38 pm

#### Attachment "19"

#### Section C, Economic Feasibility, Item 10

Please provide the most recent audited financial statements with accompanying notes, if available for the Health Services Management Group and Waynesboro Healthcare, LLC.

#### **RESPONSE:**

Waynesboro Healthcare, LLC has only been in existence a few months and has not completed audited financial statements.

The balance sheet of Waynesboro Health and Rehabilitation Center ending 8/31/14 is noted with current assets of \$320,936 and current liabilities of \$338,187. Please clarify if the applicant has current assets on hand to meet payroll and other obligations.

#### **RESPONSE:**

Waynesboro Healthcare, LLC obtained a \$400,000.00 line of credit to cover payroll and other obligations. The line of credit is extended by Covington Investments, LLC, a parent company to Wayne Real Estate Investors, LLC. Waynesboro Healthcare, LLC has applied for an AR Line of Credit from Capital Finance.

November 20, 2014 3:38 pm

#### Attachment "20"

Section C. Contribution to the Orderly of Health Care, Item. 7 (c.)

## **QUESTION:**

A copy of the most recent licensure survey for Wayne Care Nursing Center is noted. Please clarify if physical plant or environmental deficiencies are listed in the survey report. If so, please list.

#### **RESPONSE:**

The failure of the roof system occurred after the last survey. The rain damage to the interior fostered an environment for mold growth creating damage to interior ceilings and walls as shown in the photos originally submitted.

November 20, 2014 3:38 pm

## Attachment "21"

197

Section C. Contribution to the Orderly of Health Care, Item. 8 and 9

#### **QUESTION:**

The applicant has responded "Not applicable" to questions 8 and 9. Please provide a response.

#### **RESPONSE:**

NONE – Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than 5% ownership interest in the applicant. Such information is to be provided for licenses regardless or whether such license is currently held.

NONE – Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

November 20, 2014 3:38 pm

#### Attachment "22"

Section C. Contribution to the Orderly of Health Care, Item. 10

#### **OUESTION:**

There appears to be the possibility of reporting errors in past Joint Annual Reports for both Wayne County Nursing Home and Wayne Care Nursing Home. What type of changes has the applicant incorporated to ensure accurate reporting for future Joint Annual Reports?

#### **RESPONSE:**

The previously-filed Joint Annual Reports for both Wayne County Nursing Home and Wayne Care Nursing Home were completed by personnel that are no longer employed by the facilities. The Applicant has hired personnel with experience in preparing Joint Annual Reports and will provide support as needed to ensure the proper completion of all future Joint Annual Reports. Should any inaccuracies be identified, the Applicant will work with the Office of Health Statistics immediately to correct any issues prior to the finalization of the report.

**November 20, 2014** 3:38 pm

## Attachment "23"

## **Project Completion Forecast Chart**

QUESTION:

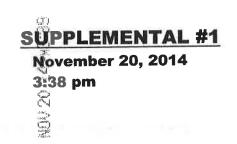
The earliest this application could be heard by the Agency is February 2015. The applicant has building construction beginning in February 2015 in the Project Completion Chart. Is this correct? If not, please revise and resubmit.

## **RESPONSE:**

Please see revised Project Completion Forecast Chart Below:



2970 Peachtree Road NW Suite 100 Atlanta, GA 30305 Phone 404.240.5000 Fax 404.814.9745



November 20, 2014

Mr. Mitch Skipper Chief Financial Officer Waynesboro Healthcare, LLC 485 Central Avenue, NE Cleveland, TN 37311

Dear Mr. Skipper:

Related to our letter to you dated November 7, 2014, regarding your proposed project in Wayne County, Tennessee, I understand that you need further clarification on the expected interest rate and anticipated term of our loan to Wayne Real Estate Investors, LLC, (Landlord). Subject to credit approval and our underwriting criteria, we anticipate offering the following:

Interest Rate: Wall Street Journal prime rate plus 1%, floating.

Minimum, total interest rate floor of 5.25%.

Maturity Date: 36 months from closing date.

We are pleased to offer this proposed financing to Wayne Real Estate Investors, LLC, and to confirm our proposed terms with you in furtherance of your Certificate of Need application. Should you need anything else, please be in touch.

Sincerely,

Senior Vice President

cc: Mr. John E. McMullan

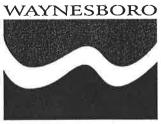
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# SUPPLEMENTAL-#2 -Copy-

Waynesboro Health and Rehabilitation Center

CN1411-045



Health & Rehabilitation Center

November 24, 2014

Mr. Phillip Earhart
Health Services Development Examiner
Health Services & Development Agency
Andrew Jackson Building, 9<sup>th</sup> Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need Application CN1411-045
Waynesboro Health and Rehabilitation Center

Mr. Earnart,

We received your request for supplement information for the above-referenced project. Please find our responses in the same order as in your letter dated November 21, 2014 below:

- 1. Section A, Applicant Profile, Item 6 Please see Attachment "1,"
- 2. Section C, Need, Item 3 (Service Area) Please see Attachment "2"
- 3. Section C, Economic Feasibility, Item 2
  Please see Attachment "3"
- 4. Section C, Economic Feasibility, Item 3 Please see Attachment "4"
- 5. Section C, Economic Feasibility, Item 4 (Historical Data Chart)
  Please see Attachment "5"
- 6. Section C, Economic Feasibility, Item 4 (Projected Data Chart)
  Please see Attachment "6"
- 7. Section C, Economic Feasibility, Item 5 Please see Attachment "7"

#### Attachment "1"

#### Section A, Applicant Profile, Item 6

#### **QUESTION:**

The draft letter of agreement between Wayne Estate Investors, LLC and Waynesboro Healthcare, LLC is noted. Please clarify what a triple lease agreement and AR financing is relative to this document. In addition, please clarify why management fees are mentioned in the agreement while the application's management company, Health Services Management Group, LLC is not a party to the agreement.

There is no fully executed sales agreement or option to purchase agreement between any of the parties, the owner/landlord of the properties remains Wayne County. Please provide a fully executed Option to Purchase Agreement signed by Wayne County, Waynesboro Healthcare, LLC and Wayne Real Estate, LLC which outlines the expected future agreed transactions, events, and dates which will ultimately result in Wayne Real Estate Investors, LLC as being the lessor.

An Option to Purchase Agreement must at least include the expected purchase price, a description of the property with address, and the anticipated date of closing.

Please provide a copy of the agreement that transfers ownership of the 109 bed Waynesboro Health and Rehabilitation Center (f/k/a Wayne County Nursing Home) to Wayne Real Estate Investors, LLC.

Please clarify if Waynesboro Healthcare is going to purchase the 109 bed Wayne County Nursing Home and then sell to Wayne Real Estate Investors.

#### **RESPONSE:**

Please see the attached revised and fully executed Letter of Agreement between Wayne Estate Investors, LLC and Waynesboro Healthcare, LLC (the "LA"), attached as Attachment "1" Exhibit A, to replace the unsigned draft which was previously provided, and the attached fully executed Purchase and Sale Agreement between County of Wayne, Tennessee and Waynesboro Healthcare, LLC, with amendments (the "PSA"), attached as Attachment "1" Exhibit B (an unsigned copy of the PSA was inadvertently attached to the original CON Application).

As to the LA, a "triple-net lease" is a common term in commercial leases, meaning that the tenant, rather than the landlord, is responsible to pay the three primary operating costs associated with the commercial property, those three being property taxes, insurance on the property and maintenance costs for the property. AR financing is relative to a lease structure such as proposed here to clarify any options or limitations of the tenant to utilize its accounts receivable as security for any "working capital financing" for a facility (often referred to as a "revolver" or "revolving credit agreement," as the borrowings "revolve," or change up and down to "even out" its cash flow—for example, the provider may borrow funds on the 10<sup>th</sup> day of the month to pay employees, vendors, etc, and then repay those borrowings on the 20<sup>th</sup> day of the month when a Medicaid reimbursement is received). Many health care facility leases contain provisions as the "flow of funds," and the order in which parties are paid. As Health Services Management Group, LLC is an affiliate of the tenant, although not a party to the LA or the PSA, a landlord will typically require the tenant and its manager to agree that managements fees are near the "end of the flow," being subordinated to the earlier payment of items such as operating expenses (including payroll, "triple net" items and rent).

Currently the owner/landlord of the properties remains Wayne County, and the attached executed PSA and LA together describe the expected future agreed transactions, events, and dates which will ultimately result in Wayne Real Estate Investors, LLC as being the lessor. Pursuant to the PSA Wayne County has the obligation to sell the facility to Waynesboro Healthcare, LLC, and Waynesboro Healthcare, LLC has the obligation to purchase, or assign the PSA to another party to purchase. Pursuant to the LA, Wayne Real Estate Investors, LLC will become the assignee of the PSA, purchase the facility, and then immediately lease the facility back to Waynesboro Healthcare, LLC, and will also construct the planned addition and renovations.

Waynesboro Healthcare, LLC does not intend to purchase the 109 bed Wayne County Nursing Home and then sell it to Wayne Real Estate Investors, LLC, but instead will assign its ability to purchase the facility to Wayne Real Estate Investors, LLC, pursuant to Section 12.12 of the PSA. Such an assignment, instead of two back to back sales, is a more efficient transaction, resulting in less transactional and closing expenses.

November 25, 2014 12:30 am

#### Attachment "1" Exhibit A

See Fully Executed Term Sheet between Waynesboro Healthcare, LLC and Wayne Real Estate, LLC attached.

## WAYNE REAL ESTATE INVESTORS, LLC

1175 PEACHTREE STREET, NE, SUITE 350 ATLANTA, GEORGIA 30361

24 November 2014

Mr. Thomas D. Johnson
Waynesboro Healthcare, LLC
c/o Health Services Management Group, LLC
485 Central Avenue, NE
Cleveland, Tennessee 37311

Re: Term Sheet for Investment by Wayne Real Estate Investors, LLC, a Delaware limited liability company ("Landlord") in Projects to be operated by Waynesboro Healthcare, LLC, a Tennessee limited liability company ("Licensee")

#### Dear Tom:

Landlord confirms that it is prepared to enter into the following specific transaction with Licensee concerning (i) the acquisition of a 109-bed skilled nursing facility located at 104 J.V. Mangubat Drive, Waynesboro, Tennessee, known as Wayne County Nursing Home; (ii) the acquisition of a 46-bed skilled nursing facility located at 505 South High Street, Waynesboro, Tennessee, known as Wayne Care Nursing Home; (iii) the renovation and expansion of Wayne County Nursing Home and the transfer of licensed beds to Wayne County Nursing Home from Wayne Care Nursing Home; and (iv) closure and disposition of Wayne Care Nursing Home (collectively, the "Project"):

#### 1. Landlord's Investment

- a. Landlord will purchase the Project by assignment of the existing Purchase and Sale Agreement by and between County of Wayne, Tennessee, (seller) and Waynesboro Healthcare, LLC (buyer) ("Purchase Agreement").
- b. Landlord's "Investment" means the cumulative total of all costs incurred by Landlord, including total purchase price of the project, construction and renovation costs, closing and diligence costs, legal expenses, filing fees, the Financing Fees, and all other fees and fees incurred by Landlord in connection with the Project. It is understood that Landlord's Investment includes, without limitation, the following: (a) acquisition costs of \$4,000,000 pursuant to the Purchase Agreement, and (b) total hard and soft costs of construction and renovation of \$5,658,317.63.

#### 2. Lease of Properties

a. Landlord will enter into a triple-net lease of the Project to Licensee.

November 25, 2014 12:30 am

Mr. Thomas D. Johnson Page 2 24 November 2014

- 3. Major Provisions of Lease
  - a. There will be a Security Deposit under the lease which shall be deposited by Licensee.
  - b. The lease will provide that management fees shall be subject to a ceiling and shall be subordinated in the event of a default by Licensee.
  - c. The lease will contain provisions concerning the sale of the project and application of sales proceeds.
  - d. The lease will contain other provisions typical for triple-net leases, including specific remedies for events of default.
- 4. Accounts Receivable ("A/R") Financing: Licensee will be allowed to pursue A/R financing, subject to lender approval, and the A/R loans shall not be cross-collateralized with any other financing or intercreditor agreements. Landlord and Licensee may consider whether Landlord will provide A/R financing to Licensee, but the same shall not be required.

If you agree with the terms of this letter, please sign below and return an executed copy to me.

Best regards,

John E. McMullan

Manager

dbb

Accepted this 25th day of Nov. 2014

WAYNESPORO HEALTHCARE, LLC

Thomas D. Johnson

November 25, 2014 12:30 am

## Attachment "1" Exhibit B

Please see Fully Executed Purchase and Sale Agreement between Wayne County (current lessor) and Waynesboro Healthcare, LLC with First Amendment; Second Amendment and Third Amendment following.

#### PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE Agreement (the "Agreement") is made this 30<sup>th</sup> day of June, 2014 (the "Execution Date"), by and between County of Wayne Tennessee, LLC, a governmental entity and political subdivision of the State of Tennessee, having an address of 100 Court Circle, Suite 300, Waynesboro, Tennessee 38485 ("Seller") and Waynesboro Healthcare, LLC, Tennessee limited liability company ("Purchaser").

#### RECITALS:

- A. Purchaser and Seller are parties to Interim Management Agreements (the "Management Agreements"), Operations Transfer Agreements (the "OTAs") and Lease Agreements (the "Leases") in connection with Wayne County Nursing Home (the "County Facility") and Wayne Care Nursing Home (the "Care Facility", and together with the County Facility, the "Facilities").
- B. Pursuant to the Management Agreements, Purchaser has agreed to begin managing the Facilities as of July 1, 2014, and pursuant to the OTAs and the Leases, to lease and operate the Facilities in its own name upon receipt of licenses from the Tennessee Board for Licensing Healthcare Facilities (the "Licensure Date").
- C. In addition to the transfer of operations, Seller desires to sell, transfer and otherwise convey all of the Assets (as hereinafter defined) of the Facilities to Purchaser, and Purchaser desires to purchase and otherwise acquire the Assets, all as more particularly set forth below.

NOW, THEREFORE, for and in consideration of the mutual promises and subject to the conditions stated herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledge, the parties hereto agree as follows:

# ARTICLE I. PURCHASE AND SALE

Section 1.01 Purchase and Sale: Seller agrees to sell, transfer, convey, assign and deliver to Purchaser, and Purchaser hereby agrees to purchase from Seller: (i) the parcels of land legally described in Exhibit A attached hereto (which shall be agreed upon by the parties prior to the expiration of the Inspection Period (as hereinafter defined)), together with, if any, all mineral interests and all right, title and interest of Seller in and to any and all roads, easements, streets and rights-of-way of any kind, nature or description located thereon or relating thereto (the "Land"); and (ii) the buildings and all other improvements, including site improvements, landscaping, fixtures, mechanical equipment, apparatus and appliances, now owned or leased or hereafter placed on the Land (all the foregoing hereinafter collectively referred to as the "Improvements", and together with the Land, the "Property"), and (iii) to the extent not previously transferred pursuant to the OTAs, all licenses, permits, certificates of need, furniture, vehicles, supplies, telephone numbers, websites, cell phone numbers, books and records, and computer hardware and software relating to the Facility (collectively, the "Facility Assets" and

together with the Property, the "Assets") at the Purchase Price (as defined below) and upon the terms and conditions hereinafter set forth. The parties hereby acknowledge and agree that the definitions of Land, Improvements and Property shall include the Health Department building located adjacent to the County Facility.

Section 1.02 Purchase Price. The Purchase Price for the Assets is Four Million and NO/100 Dollars (\$4,000,000.00) (the "Purchase Price"), payable by Purchaser to Seller. The parties hereby acknowledge and agree that within five (5) business days following execution of this Agreement, Purchaser is depositing the sum of One Hundred Thousand and no/100 Dollars (\$100,000, the "Deposit") in cash or a letter of credit as a security deposit under the Leases. At Closing (as hereinafter defined), Purchaser shall pay the Purchase Price (or any balance thereof if the Deposit hereunder is made in cash) in immediately available funds subject to all prorations, credits and escrows provided herein. The Purchase Price shall be allocated in the manner set forth on Exhibit B, said allocation being determined by Purchaser during the Inspection Period.

Section 1.03 Post-Closing Escrow. At Closing, Two Hundred Fifty Thousand and NO/100 Dollars (\$250,000.00) of the Purchase Price shall be placed in escrow with the Escrow Agent to be held pursuant to the terms of an escrow agreement in the form of the Post-Closing Escrow Agreement among Seller, Purchaser and Escrow Agent attached hereto as Exhibit C (the "Post-Closing Escrow Agreement") in order to protect Purchaser against post-closing liabilities. All earnings on the funds held pursuant to the Post-Closing Escrow Agreement shall accrue to the escrow account and be disbursed with the escrow funds. If no claim has been made pursuant to the Post-Closing Escrow Agreement, then the escrowed funds shall be released to Seller eighteen (18) months following Closing.

#### ARTICLE II. CLOSING

Section 2.01 Closing Date. Subject to the satisfaction of the terms and conditions of this Agreement, the consummation of the purchase and sale of the Assets contemplated by this Agreement (the "Closing") shall occur on the date which is six (6) months following the Licensure Date (the "Closing Date"). The Closing shall be held at a location and at a time mutually agreed upon by Seller and Purchaser, but absent such agreement shall be held at 10:00 a.m. E.S.T. at Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C. in Chattanooga, Tennessee. Notwithstanding the foregoing time and place of Closing, Seller and Purchaser may deliver all of their respective closing documents required hereunder with respect to the Closing to Commonwealth Land Title Insurance Company (c/o Philip Saba, Esq., 265 Franklin Street, 8th Floor, Boston, MA 02110) (the "Escrow Agent") on or before the Closing Date (to hold in escrow in accordance with customary conveyancing practices subject to the consummation of the Closing) by mail or overnight courier. Purchaser may extend the Closing Date by written notice to Seller for up to ninety (90) days if it is showing substantial progress to purchase and close on the Assets. Any additional extension shall be by agreement of both Purchaser and Seller. Notwithstanding the foregoing, the parties may agree to close on a mutually acceptable date prior to six (6) months following the Licensure Date.

Section 2.02 <u>Deliveries at Closing</u>. On the Closing Date, the Closing shall occur as follows, subject to satisfaction of all of the terms and conditions of this Agreement, and with all of Purchaser's deliveries to be made concurrently with Seller's deliveries:

- (a) On the Closing Date, Seller shall deliver the following:
  - (i) General Warranty Deeds (the "Warranty Deeds") from the Seller conveying to Purchaser title to the Property in fee simple, free and clear of all liens and Encumbrances whatsoever, except as set forth herein;
  - (ii) a certificate in form satisfactory to Purchaser, dated as of the Closing Date and duly executed by Seller, representing that there is no material default under the representations and warranties of Seller contained in <a href="Article VI">Article VI</a> of this Agreement and, in addition, that all such representations and warranties are true and correct without material exception as of the Closing Date (subject, however, to the same qualifications and limitations made in <a href="Article VI">Article VI</a> with respect to the original representations and warranties, such as the "knowledge" of Seller) as if made on and as of the Closing Date (or disclosing in reasonable detail such material defaults or exceptions, if any, which then exist or any manner in which any such representations and warranties are not true and correct as of the Closing Date, provided that the inclusion of any such disclosure in such closing certificate shall not prejudice Purchaser's rights and remedies, if any, under this Agreement with respect to the subject matter of such disclosure);
- (iii) an agreement to relocate, at Seller's sole cost and expense, all public utility facilities located on the Wayne County Land to the extent required by Purchaser's expansion of the Facility to the Health Department Land;
- (iv) an affidavit stating the following (with such exceptions as are necessary to make the facts stated therein true and correct to the best of Seller's knowledge at the time), all to the best of Seller's knowledge:
  - 1) that there are no boundary line disputes with respect to the Property;
  - 2) that there are no parties in, or having any right or claim to, possession of the Property;
  - 3) that no improvements or repairs have been made by, or for the account of, or at the instance of, Seller to or on the Property within three (3) months preceding the Closing Date for which payment in full has not been made;
  - 4) that no legal proceedings are pending against Seller that could affect Seller's title to the Assets or the right or power of Seller to convey the Assets to Purchaser in accordance with this Agreement; and
  - 5) such other matters as Purchaser's title insurer may reasonably require in order to insure Purchaser's good and marketable title to the Property, subject only to the Permitted Exceptions applicable to the Property.

In order for Purchaser to be obligated to close hereunder, any exceptions to the matters described in clauses (1) through (5) above which are contained in such affidavit must be satisfactory to Purchaser and Purchaser's title insurer (but the inclusion of any such exceptions in such affidavit shall not prejudice Purchaser's rights and remedies, if any, under this Agreement with respect to the subject matter of any such exceptions).

- (v) All amounts owing to Purchaser, as provided herein and reflected in a Closing Statement to be agreed to by the parties (the "Purchase Closing Statement").
- (vi) all documents, instruments and agreements expressly provided for in this Agreement, and such additional documents as may be reasonably required to effectuate the purposes of this Agreement and to convey good and marketable title to the Property, subject only to the Permitted Exceptions.
- (b) On the Closing Date, Purchaser shall deliver the following:
  - (i) the Purchase Price in the manner provided in Section 1.02; and
- (ii) All amounts owing to Seller, if any, as provided herein and reflected on the Purchase Closing Statement.
- (iii) all documents, instruments and agreements expressly provided for in this Agreement, and such additional documents as may be reasonably required to effectuate the purposes of this Agreement.

Section 2.03 Prorations. To the extent the same were not prorated as of the Effective Time under the OTAs (the "Lease Closing"), the following shall be paid at Closing and shall be set forth on the Purchase Closing Statement. In the event that the amounts as of the Closing Date cannot be accurately determined, such amounts shall be estimated and adjusted as promptly as practicable thereafter but in no event later than thirty (30) days after the Closing Date.

- (a) Property Taxes. All Property Taxes, as set forth in the Lease Closing Statements under the OTAs.
- (b) <u>Utilities and Rents</u>. All utilities and rents, as set forth in the Lease Closing Statements under the OTAs.
- (c) <u>Payroll</u>. All payroll amounts, as set forth in the Lease Closing Statements under the OTAs.
- (d) <u>Prepayments</u>. All prepayments, as set forth in the Lease Closing Statements under the OTAs.
- (e) <u>Severance</u>. Any employee severance required to be paid out upon the relocation of the residents of the Care Facility to the County Facility shall be credit to New Operator.

Section 2.04 <u>Closing Costs</u>. The costs and expenses of the transaction contemplated by this Agreement shall be paid at or before the Closing, as follows:

- (a) Seller shall pay the following costs and expenses:
  - (i) the transfer tax due with respect to the Warranty Deeds;
- (ii) the costs of the Surveys;
- (iii) the fees and expenses of Seller's attorneys; and
- (iv) any other costs and expenses actually incurred by Seller.
- (b) Purchaser shall pay the following costs and expenses:
  - (i) the recording and filing fees (other than transfer tax with respect to the Warranty Deeds) for all recordable instruments executed and delivered by Seller at the Closing pursuant to the terms of this Agreement;
- (ii) any title examination fees or charges incurred by Purchaser;
- (iii) all premiums for any owner's and lender's title insurance policies;
- (iv) the fees and expenses of Purchaser's attorneys; and
- (v) any other costs and expenses actually incurred by Purchaser.

# ARTICLE III. TITLE REPORT AND POLICY; SURVEY; ENVIRONMENTAL

## Section 3.01 Purchaser may obtain and review each of the following:

- (a) a 2006 ALTA title commitments issued by a nationally recognized title company of the condition of title to the Property (the "Commitments") for title insurance policies, in the current ALTA policy form (the "Title Policies"). The Commitments and Title Policies shall show that the Seller has marketable fee simple title to the Property, free from all liens, restrictions, encumbrances, easements and clouds on title whatsoever, except taxes not yet due and payable and other matters approved by Purchaser in writing in its sole discretion. Each Commitment and Title Policy will also contain extended coverage and such endorsements as are acceptable to Purchaser in its sole discretion. The Title Policies shall be in a form acceptable to Purchaser. At Closing, there shall be issued to Purchaser Title Policies in the aggregate amount of the Purchase Price. Seller shall provide the title company with customary lien waivers, affidavits or undertakings in a form required by the title company in order to delete the standard exceptions to the Title Policies; and
- (b) an ALTA/ACSM as-built survey of each Property ordered by Seller (the "Surveys") accompanied by a certificate of a registered surveyor licensed in the State of Tennessee, certified as directed by Purchaser, sufficient to cause the title company to delete the standard printed survey exceptions and to issue the Title Policies free from any survey objections or exceptions whatsoever; and

(c) a "Phase I" Environmental Site Assessment Report concerning each Property (the "Environmental Reports") from an environment consultant, as chosen by Purchaser. If more than six (6) months lapses between the date of the Environmental Reports and the Closing Date, the Purchaser may obtain updated Environmental Reports. Seller agrees to use its best efforts to provide any additional information and materials which the environmental consultant may need or desire.

The Commitments and Title Policies, Surveys and Section 3.02 Defects and Cure. Environmental Reports described herein are collectively referred to as "Title Evidence." Purchaser shall provide written notification (a "Title Objection") within the later of (i) the end of the Inspection Period, as provided for in Section 4, or (ii) five (5) days after its receipt of all of the Title Evidence of any liens, claims, encroachments, exceptions or defects disclosed in the Title Evidence which in Purchaser's sole discretion adversely impacts the Property or the financeability or any other matter which is unacceptable to Purchaser (collectively, "Defects"). Seller shall use its best efforts to timely cure the Defects, and if Seller elects not to cure the Defects, Seller shall give written notice to Purchaser within ten (10) days of its receipt of the Title Objection of such action or inaction by the Seller. Within thirty (30) days of receipt of such written notice from Seller, Purchaser may (i) waive such Defects (whereupon such defects shall be deemed to be "Permitted Exceptions"), or (ii) terminate this Agreement. Alternatively, if Seller elects to cure such Defects, then Seller shall be given a reasonable period to do so, but not to exceed twenty (20) days. Should the Seller fail or refuse to cure such Defects within a reasonable period, but not to exceed twenty (20) days, Purchaser may (i) waive such Defects or (ii) terminate this Agreement prior to Closing. Upon termination of this Agreement under the terms of this Section, no party to this Agreement shall have any further claims or obligations under this Agreement except for those that expressly survive termination of this Agreement. Notwithstanding the foregoing, Seller shall be obligated to terminate or cure any of the following objections to title relating to the Property, and Purchaser shall be entitled to bring suit for damages or specific performance in the event the following are not cured prior to or at Closing:

- (a) All deeds of trust, mortgages, security deeds, Uniform Commercial Code financing statements or other security instruments affecting the Land or any part thereof;
- (b) All liens, fines, past due taxes or assessments of any kind constituting a lien against the Property to the extent such assessments can be cured by the payment of money;
- (c) All mechanic's, materialmen's or similar liens; and
- (d) All judgments which have attached to and become a lien against the Property, or any part thereof.

# ARTICLE IV. INSPECTION PERIOD

Section 4.01 Purchaser's obligations under this Agreement are subject to and conditioned upon Purchaser's determination, made in Purchaser's sole discretion during the period sixty (60) days following the Execution Date (the "Inspection Period"), that the Assets are suitable to Purchaser in its sole discretion.

Section 4.02 The Purchaser shall be entitled, on or before the expiration of the Inspection Period, to advise Seller that the Assets are unacceptable and Purchaser may terminate this Agreement by delivering written notice of such termination to Seller on or before the expiration of the Inspection Period. If Purchaser fails to give timely notice of termination to Seller, then this <u>Article IV</u> shall be of no further force.

# ARTICLE V. EASEMENTS

The parties acknowledge and agree that Seller owns the Wayne County Hospital located adjacent to the Wayne County Land and that it may be necessary for Seller to grant certain easements to Purchaser at Closing, and for Purchaser to grant (or for Seller to reserve) certain easements to Seller at Closing, which such granting by each party shall not be unreasonably withheld. The parties shall mutually agree upon the easements to be granted by and to the other party on or before the expiration of the Inspection Period.

#### ARTICLE VL REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF SELLER

Section 6.01 Seller makes the following representations and warranties to Purchaser, all of which shall be true and correct on the Execution Date and the Closing Date, and Seller makes the following covenants:

- (a) Organization of Seller. Seller is a governmental entity and political subdivision of the State of Tennessee.
- (b) Authority. The execution and delivery of this Agreement and the consummation of the transactions herein contemplated have been duly and validly authorized by all necessary action on the part of Seller, and this Agreement constitutes, and the documents contemplated hereby will be, valid and legally binding obligations of Seller, enforceable in accordance with its terms, subject to bankruptcy, insolvency and other statutes affecting creditors' rights generally.
- (c) Conflict or Default. Except as fully described on Schedule 6.01(c) hereto, neither the execution nor delivery of this Agreement nor the consummation of the transactions herein contemplated will conflict with, violate, result in a breach by, constitute a default under or accelerate the performance provided by the terms of any law, rule, regulation or material agreement to which either Seller may be subject, or which could result in the creation of any lien, charge or Encumbrance (as defined below) upon any part of the Property.
- (d) No Consent. No consent or approval by any governmental agency or authority or any non-governmental person or entity is required in connection with the execution, performance and delivery by Seller of this Agreement or the consummation by Seller of the transactions contemplated herein, except for such consents or approvals fully described on Schedule 6.01(d) hereto.

- (e) Compliance with Laws. Except as fully described on Schedule 6.01(e) hereto, there is no violation of any federal, state or local legal or regulatory requirement of any kind or nature whatsoever relating to the Property which would have an adverse effect on Purchaser or the Property (including zoning and land use laws, building, safety or health ordinances and codes, environmental laws and civil rights laws). Seller has not received any unremediated notice of complaint from any governmental agency, insurance company or third party, and Seller has not received notice of and has no knowledge of any material violation or any claim of violation of any law, rule, regulation, ordinance, order, writ, injunction, decree, certificate, license, permit, authorization, relating to the Assets or which could have an adverse effect on the Assets or Purchaser. Seller has not received any notice from any governmental authority of any pending proceeding to take all or any part of the Property by condemnation or right of eminent domain and neither Seller has any knowledge that such proceeding is threatened. Seller is not a party to any agreement or instrument, or subject to any judgment, order, writ, injunction, rule, regulation, code or ordinance not also applicable to other similarly situated businesses which has an adverse effect, or might reasonably be expected to have an adverse effect, on the Property.
- (f) <u>Litigation and Proceedings</u>. <u>Schedule 6.01(f)</u> hereto sets forth a complete and accurate description of any litigation, proceeding, claim or investigation pending before any court, arbitrator or administrative agency, or to the best knowledge of Seller threatened, affecting or relating to the Assets or Seller. Except as fully described on <u>Schedule 6.01(f)</u> hereto, there are no outstanding orders, consent decrees, corporate integrity agreements, rulings, decrees, judgments or stipulations by or with any court, arbitrator or administrative agency which affect Seller or the Property. Seller shall promptly notify Purchaser of any changes to said Schedule.
- (g) <u>Title</u>. Seller has, and at Closing will have, good, insurable and marketable fee simple title to the Land. There are no encroachments on the Property by adjoining property or improvements, there are no disputes concerning the location of property lines or corners of the Property; and there is vehicular access to and from the Land by a public roadway.
- (h) Encumbrances. Except as fully described on Schedule 6.01(h) hereto, neither Seller nor any part of the Property is subject to any (i) use or occupancy restrictions; (ii) special taxes or assessments; (iii) legal or equitable interests in the Property claimed by any person or entity other than Seller; or (iv) other liens, security interests, encumbrances, or other agreement, arrangement, claim, contract, commitment, understanding or obligation (collectively, the "Encumbrances"). At Closing, the Property shall not be subject to any Encumbrance except Permitted Exceptions.
- (i) <u>Utilities</u>. All water, gas, electricity, telephone, cable, drainage facilities, sewer and other utilities required for the operation of a skilled nursing facility either enter the Property through adjoining public streets or, if they pass through adjoining private land, they do so in accordance with recorded easements which are described on the Surveys and Title Commitments.

(j) Taxes. All taxes against the Property which are due and payable on or before the Execution Date have been paid. There are no agreements, waivers or other arrangements providing for an extension of time with respect to the assessment of any tax or deficiency against the Property, nor does Seller have knowledge of the pendency of any actions, suits, proceedings, investigations or claims for additional taxes and assessments against the Property asserted by any taxing authority.

### (k) Environmental Matters.

- (i) Except as fully described on Schedule 6.01(1) hereto, the Property is in compliance with all federal, state and local environmental, health and safety laws, statutes ordinances and regulations, including without limitation, all laws relating to hazardous substances and wetlands. Seller represents and warrants that currently and as of the Closing, no oil or hazardous substances have been generated, released, stored or deposited over, beneath or on the Property or on or in any structures located on the Property, from any source whatsoever, by Seller, or, to Seller's best knowledge, its predecessors in interest or any other person. For purposes hereof, "hazardous substances" means any substance or matter defined as such by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), any pollutants or contaminants as defined in CERCLA, or any hazardous waste as defined by the Resource Conservation and Recovery Act, or any other similar applicable federal, state or local laws, statutes, regulations or ordinances which shall include, but not be limited to, asbestos, radon, PCBs and urea formaldehyde.
- (ii) Seller covenants that it will indemnify, hold harmless, and defend Purchaser, its officers, members, managers, owners, directors, agents, successors and assigns, from any and all claims, loss, damage, response costs and expenses arising out of or in any way relating to a breach of these environmental representations including, but not limited to: (a) claims of third parties (including governmental agencies), for damages, penalties, response costs, injunctive or other relief; (b) expenses, including fees of attorneys and experts, of reporting and monitoring the existence of hazardous substances or hazardous wastes to any governmental agency; or (c) any and all expenses or obligations, incurred at, before and after any trial or appeal therefrom or administrative proceeding or appeal therefrom whether or not taxable as costs, including, without limitation, attorney's fees, witness fees (expert and otherwise), deposition costs, copying and telephone charges and other expenses, all of which shall be paid by Seller when accrued.
- (l) <u>Permits and Licenses</u>. <u>Schedule 6.01(m)</u> contains an accurate and complete schedule of all permits and licenses, license or similar authorization from each governmental authority issued with respect to the operation or ownership or development of the Property together (i) a brief description of each permit or license, (ii) the designation of the respective expiration dates of each.
- (m) Attorney General Approval. Seller is not required to seek approval of the Attorney General with respect to the assets being sold herein as the same are not "substantially all" of the Seller's assets.

- (n) <u>Bankruptcy</u>. No bankruptcy, insolvency, rearrangement or similar action involving Seller, whether voluntary or involuntary, is pending or threatened, and Seller has not ever:
  - (i) filed a voluntary petition in bankruptcy;
- (ii) been adjudicated a bankrupt or insolvent or filed a petition or action seeking any reorganization, arrangement, recapitalization, readjustment, liquidation, dissolution or similar relief under any Federal bankruptcy act or any other laws;
- (iii) sought or acquiesced in the appointment of any trustee, receiver or liquidator of all or any substantial part of its properties, or any portion thereof; or
- (iv) made an assignment for the benefit of creditors or admitted in writing its or his inability to pay its or his debts generally as the same become due. Seller is not anticipating or contemplating any of the actions set forth in this subsection.

Section 6.02 <u>Remedies</u>. Seller agrees that the warranties and representations contained in <u>Section 6.01</u> are true, and are in full force and binding on Seller, as of the Execution Date and shall be true and correct up through and to the Closing Date. Such representations and warranties shall survive the Closing.

# ARTICLE VII. REPRESENTATIONS AND WARRANTIES, COVENANTS AND AGREEMENTS OF PURCHASER

Section 7.01 Purchaser makes the following representations and warranties to Seller, all of which shall be true and correct as of the Execution Date and at the Closing Date:

- (a) Organization of Purchaser. Purchaser is a limited liability company duly organized and validly existing and in good standing under the laws of the State of Tennessee.
- (b) <u>Authority</u>. The execution and delivery of this Agreement and the consummation of the transactions herein contemplated have been duly and validly authorized by all necessary corporate action on the part of Purchaser, and this Agreement constitutes, and the documents contemplated hereby will be, valid and legally binding obligations of Purchaser, enforceable in accordance with their terms, subject to bankruptcy, insolvency and other statutes affecting creditors' rights generally.
- (c) <u>Conflict or Default</u>. Neither the execution nor delivery of this Agreement nor the consummation of the transactions herein contemplated will conflict with, violate, result in a breach by, constitute a default under or accelerate the performance provided by the terms of any law, rule, regulation or agreement to which Purchaser may be subject.

# ARTICLE VIII. CONDITIONS TO CLOSING

Section 8.01 <u>Conditions to Purchaser's Obligations</u>. In addition to the other conditions in this Agreement, the duties and obligations of Purchaser under the terms and provisions of this Agreement shall be expressly conditioned upon the following:

- (a) <u>Full Performance</u>. The full performance by Seller of all of its respective obligations hereunder in a timely manner;
- (b) <u>Representations and Warranties.</u> Seller's representations and warranties contained herein shall be true, complete and correct as of the Execution Date and the as of the Closing Date as if made at that time;
- (c) <u>Financing</u>. Purchaser shall have obtained financing on terms satisfactory to Purchaser in its sole discretion for the purchase of the Assets and the renovation of the Facility;
- (d) <u>Transaction Documents</u>. Seller shall have entered into the Management Agreements, Leases and OTAs; and
- (e) <u>Easements</u>. All easements provided for under <u>Article V</u> have been agreed upon between Seller and Purchaser.

Section 8.02 <u>Conditions to Seller's Obligations</u>. In addition to the other conditions in this Agreement, the duties and obligations of Seller under the terms and provisions of this Agreement shall be expressly conditioned upon the following:

- (a) <u>Full Performance</u>. The full performance by Purchaser of all of its respective obligations hereunder in a timely manner; and
- (b) <u>Representations and Warranties.</u> Purchaser's representations and warranties contained herein shall be true, complete and correct as of the Execution Date and the as of the Closing Date as if made at that time;

# ARTICLE IX. BROKERAGE COMMISSION

Purchaser and Seller represent and warrant, each to the other, that they have not discussed this Agreement or its subject matter with, or engaged the services of, any real estate broker, agent or salesman, so as to create any legal right in any such broker, agent or salesman to claim a real estate commission or similar fee with respect to the conveyance of the Assets contemplated by this Agreement. Purchaser and Seller indemnify each other against and agree to hold each other harmless from any and all claims (including, without limitation, court costs and attorneys' fees incurred in connection with any such claims) for any real estate commissions or similar fees arising out of or in any way connected with any claimed agency relationship with the indemnitor and relating to the conveyance of the Property and the other transactions contemplated by this

Agreement. This <u>Article IX</u> shall survive the rescission, cancellation, termination or consummation of this Agreement.

# ARTICLE X. DEFAULT

Section 10.01 Purchaser Default. Purchaser shall fully perform and comply with all agreements, conditions and covenants required by this Agreement to be performed or complied with hereunder, provided the Seller may waive in writing in whole or in part at or prior to the Closing the Purchaser's performance of and compliance with any such agreement, condition or covenant. If the purchase and sale of the Assets pursuant hereto is not closed and consummated through the default of the Purchaser hereunder, Seller shall receive the \$100,000 deposited as the Security Deposit under the Leases as liquidated damages, and this shall be Seller's sole remedy at law and equity, Seller hereby waiving and relinquishing any and all other remedies available to it. The parties acknowledge the difficulty of ascertaining Seller's damages in such a circumstance and agree that this amount represents a reasonable and mutual attempt by Purchaser and Seller to anticipate the consequence to Seller of Purchaser's breach.

Section 10.02 Seller Default. Seller shall fully perform and comply with all agreements, conditions, and covenants required by this Agreement to be performed or complied with by the Seller hereunder, provided, the Purchaser may expressly waive in writing in whole or in part at or prior to the Closing Date Seller's performance or any compliance with such agreements, conditions, and covenants. If the purchase and sale of the Assets pursuant hereto is not closed and consummated through the default of the Seller hereunder, or the failure of Seller to satisfy conditions to Closing specified herein which are its responsibility, the Deposit shall be returned to the Purchaser and the Purchaser shall have the right to pursue such remedies at law or in equity against the Seller as maybe afforded to it under law or equity, including, without limitation, specific performance.

# ARTICLE XI. NOTICES

Section 11.01 All notices and other communications provided for herein shall be validly given, made or served if in writing and delivered personally, by facsimile transmission, by United States certified mail, return receipt requested, postage prepaid, or delivered by Federal Express or any other national courier service which requires signed receipt for delivery, as set forth below:

To Seller:

Wayne County 100 Court Circle

Suite 300 P.O. Box 848

Waynesboro, Tennessee 38485

Facsimile:

With a copy to:

Jane M. Jennings Attorney at Law

231 Mahr Avenue

Lawrenceburg, Tennessee 28646

Facsimile:

To Purchaser:

Waynesboro Healthcare, LLC

485 Central Avenue Cleveland, TN 37311

Attention: Thomas D. Johnson Facsimile: (423) 472-6283

With a copy to:

Baker, Donelson, Bearman, Caldwell &

Berkowitz, P.C. 1800 Republic Center 633 Chestnut Street Chattanooga, TN 37450

Attention: Richard D. Faulkner, Jr. Esq.

Facsimile: (423) 752-9529

or such other address as shall be furnished in writing by any party to the other party:

# ARTICLE XII. MISCELLANEOUS PROVISIONS

Section 12.01 Entire Agreement: Modification. This Agreement supersedes all prior discussions and agreements between Seller and Purchaser with respect to the Assets and contains the sole and entire understanding between Seller and Purchaser with respect to the Assets. All promises, inducements, offers, letters of intent, solicitations, agreements, commitments, representations and warranties made between such parties prior to this Agreement are merged into this Agreement. This Agreement shall not be modified or amended in any respect except by a written instrument executed by or on behalf of each of the parties to this Agreement.

Section 12.02 Exhibits and Schedules. Each exhibit or schedule referred to or otherwise mentioned in this Agreement is attached to this Agreement and is and shall be construed to be made a part of this Agreement by such reference or other mention at each point at which such reference or other mention occurs, in the same manner and with the same effect as if each exhibit were set forth in full and at length every time it is referred to or otherwise mentioned.

Section 12.03 <u>Captions</u>. All captions, headings and all Article, Section, subsection and clause numbers and letters and other reference numbers or letters are solely for the purpose of facilitating reference to this Agreement and shall not supplement, limit or otherwise vary in any respect the text of this Agreement.

Section 12.04 <u>References</u>. All references to Articles, Sections, subsections or clauses shall be deemed to refer to the appropriate Article, Section, subsection or clause of this Agreement.

Section 12.05 <u>Counterparts</u>. This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.

Section 12.06 <u>Waiver</u>. Any condition or right of termination, cancellation or rescission granted by this Agreement to Purchaser or Seller may be waived by such party.

Section 12.07 <u>Rights Cumulative</u>. Except as expressly limited by the terms of this Agreement, all rights, powers and privileges conferred under this Agreement shall be cumulative and not restrictive of those given by law.

Section 12.08 <u>Successors and Assigns</u>. Subject to the provisions of <u>Section 12.12</u>, this Agreement shall be binding upon and inure of the benefit of the parties to this Agreement and their respective heirs, successors and assigns.

Section 12.09 <u>Date for Performance</u>. If the time period by which any right, option or election provided under this Agreement must be exercised, or by which any act required under this Agreement must be performed, or by which the Closing must be held, expires on a Saturday, Sunday or legal or bank holiday, then such time period shall be automatically extended through the close of business on the second (2<sup>nd</sup>) following regularly-scheduled business day.

Section 12.10 <u>Indemnification Procedure</u>. Whenever any party is required to indemnify another pursuant to this Agreement, the party to be indemnified shall give the indemnifying party notice of any loss, liability or damage, or claim of loss, liability or damage, within fifteen (15) days after the party to be indemnified has actual knowledge of such loss, liability, damage or claim. The party to be indemnified shall not settle, and shall not confess judgment with respect to, any loss, liability, damage or claim without the prior written approval of the indemnifying party.

Section 12.11 <u>Survival</u>. Each representation and warranty of Seller made in this Agreement, and each unperformed obligation of either Seller or Purchaser under this Agreement, shall survive the Closing and shall not be merged into the deed to the Property or into any other document executed and delivered by Seller or Purchaser, at Closing or otherwise.

Section 12.12 <u>Assignability</u>. Purchaser may assign this Agreement in whole or in part and/or designate a nominee to take title to all or any part of the Property at Closing without the consent of Seller. In the event of an assignment by Purchaser, the assignor shall be released from any and all of its obligations hereunder, provided that each assignee of such rights agrees to be fully bound by the terms and conditions of this Agreement as if said assignee were the original signatory hereto. Any assignment of this Agreement shall be binding upon and inure to the

November 25, 2014 12:30 am

benefit of the successor or assignee of Purchaser. In the event Purchaser finds it necessary or is required to provide to a third party a collateral assignment of the Purchaser's interest in this Agreement and/or any related documents, Seller shall cooperate with the Purchaser and any third party requesting such assignment including but not limited to Seller signing a consent and acknowledgment of such assignment.

Section 12.13 <u>Agreement Effective</u>. This Agreement shall be effective only upon the execution hereof by both Seller and Purchaser, and the execution by one party shall be deemed an offer by the party first executing this Agreement revocable at any time prior to the execution by the other party, unless expressly set out in writing herein to the contrary.

Section 12.14 Governing Law. This Agreement is being delivered and is intended to be performed in the State of Tennessee, and shall be construed and enforced in accordance with the laws of such state.

[signatures appear on following page]

November 25, 2014 12:30 am

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first set forth above.

SELLER:

COUNTY OF WAYNE, TENNESSEE, a governmental entity and political subdivision of the State of Tennessee

Name: TASON RICH Its: COUNTY EXECUTIVE

PURCHASER:

WAYNESBORO HEALTHCARE, LLC

By: Thomas D. Johnson, Chief Manager

November 25, 2014 12:30 am

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first set forth above.

SELLER:

COUNTY OF WAYNE, TENNESSEE, a governmental entity and political subdivision of the State of Tennessee

By:	al and a second	X 747
Name:	- 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1	
Its:		

**PURCHASER:** 

WAYNESBORO HEALTHCARE, LLC

By:

Thomas D. Johnson, Chief Manager

November 25, 2014 12:30 am

# Exhibit A

Legal Description of Property

Legal Description of Wayne County Nursing Home Property

Legal Description of Wayne Care Nursing Home Property

November 25, 2014 12:30 am

# Exhibit B

Allocation of Purchase Price

Wayı	ne County Nursing H	ome	
	Property Improvements	\$ \$	
Way	ne Care Nursing Hon	ne	
į	Property Improvements	\$ \$	
TOT	AL		\$4,000,000.00

November 25, 2014 12:30 am

# Exhibit C

Post Closing Escrow Agreement

### PURCHASE AND SALE AGREEMENT

#### RECITALS:

- A. Purchaser and Seller are parties to Interim Management Agreements (the "Management Agreements"), Operations Transfer Agreements (the "OTAs") and Lease Agreements (the "Leases") in connection with Wayne County Nursing Home (the "County Facility") and Wayne Care Nursing Home (the "Care Facility", and together with the County Facility, the "Facilities").
- B. Pursuant to the Management Agreements, Purchaser has agreed to begin managing the Facilities as of July 1, 2014, and pursuant to the OTAs and the Leases, to lease and operate the Facilities in its own name upon receipt of licenses from the Tennessee Board for Licensing Healthcare Facilities (the "Licensure Date").
- C. In addition to the transfer of operations, Seller desires to sell, transfer and otherwise convey all of the Assets (as hereinafter defined) of the Facilities to Purchaser, and Purchaser desires to purchase and otherwise acquire the Assets, all as more particularly set forth below.

NOW, THEREFORE, for and in consideration of the mutual promises and subject to the conditions stated herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledge, the parties hereto agree as follows:

# ARTICLE I. PURCHASE AND SALE

Section 1.01 Purchase and Sale: Seller agrees to sell, transfer, convey, assign and deliver to Purchaser, and Purchaser hereby agrees to purchase from Seller: (i) the parcels of land legally described in Exhibit A attached hereto (which shall be agreed upon by the parties prior to the expiration of the Inspection Period (as hereinafter defined)), together with, if any, all mineral interests and all right, title and interest of Seller in and to any and all roads, easements, streets and rights-of-way of any kind, nature or description located thereon or relating thereto (the "Land"); and (ii) the buildings and all other improvements, including site improvements, landscaping, fixtures, mechanical equipment, apparatus and appliances, now owned or leased or hereafter placed on the Land (all the foregoing hereinafter collectively referred to as the "Improvements", and together with the Land, the "Property"), and (iii) to the extent not previously transferred pursuant to the OTAs, all licenses, permits, certificates of need, furniture, vehicles, supplies, telephone numbers, websites, cell phone numbers, books and records, and computer hardware and software relating to the Facility (collectively, the "Facility Assets" and

# SUPPLEMENTAL #2 November 25, 2014 12:30 am

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first set forth above.

# SELLER: COUNTY OF WAYNE, TENNESSEE, a governmental entity and political subdivision of the State of Tennessee By: Name: Its: PURCHASER: WAYNESBORO HEALTHCARE, LLC By: Thomas D. Johnson, Chief Manager

# FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

THIS FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Amendment") is entered into effective as of July 25, 2014 by and between County of Wayne, Tennessee ("Seller") and Waynesboro Healthcare, LLC ("Purchaser").

#### WITNESSETH:

WHEREAS, Seller and Purchaser entered into that certain Purchase and Sale Agreement dated as of June 30, 2014 (the "Agreement"); and

WHEREAS, Seller and Purchaser have agreed to amend the Agreement as set forth hereinbelow; and

WHEREAS, capitalized terms that are not otherwise defined in this Amendment shall have the same meanings ascribed to them in the Agreement.

NOW, THEREFORE, for and in consideration of Ten and 00/100 Dollars (\$10.00), in hand paid, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

- Exhibit A attached to the Agreement shall be deleted in its entirety and Exhibit A-1
  and Exhibit A-2 attached hereto inserted in lieu thereof. Exhibit A-1 shall be further
  revised at such time as the legal description of the Wayne County Nursing Home
  Property is available.
- Ratification. The Agreement, as amended by this Amendment, is hereby ratified and
  confirmed by the parties hereto on and subject to each of the terms, provisions and
  conditions thereof and is hereby declared by the Seller and Purchaser to be in full
  force and effect.
- 3. <u>Successors and Assigns</u>. This Amendment is binding upon, and shall inure to the benefit of, Seller and Purchaser and their respective successors and assigns.
- 4. <u>Counterparts</u>. This Amendment may be executed in multiple counterparts, including by facsimile or e-mail, each of which shall be deemed an original, and all of which shall be one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Amendment on the date and year indicated above.

SELLER:

COUNTY OF WAYNE, TENNESSEE, a governmental entity and political subdivision of the State of Tennessee

By:

Jason Rich, County Executive

PURCHASER:

WAYNESBORO HEALTHCARE, LLC

a Tennessee/limited liability company

By:

Thomas D. Johnson, Chief Manager

C AWM01 708753 v I 2913112-000059

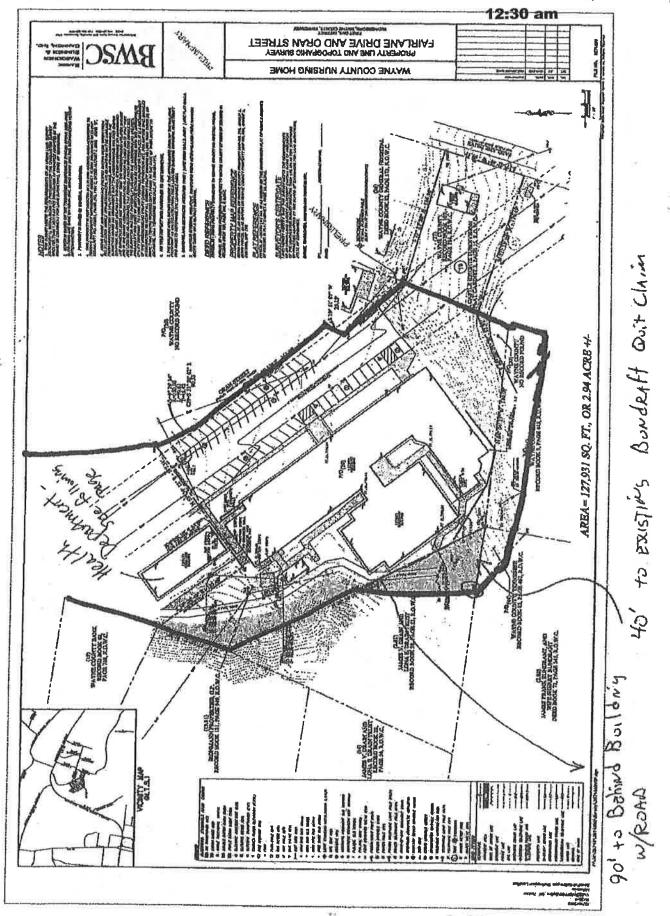
November 25, 2014 12:30 am

## EXHIBIT "A-1"

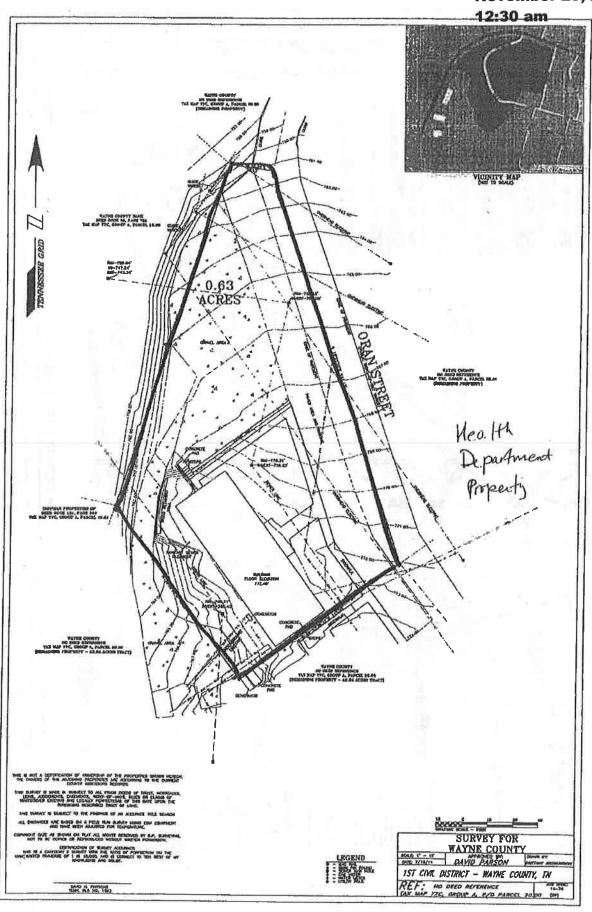
Legal Description of Wayne County Nursing Home and Health Department

[see attached]

November 25, 2014



November 25, 2014



#### EXHIBIT "A-2"

#### Legal Description of Wayne Care Nursing Home

BEGINNING at a stake in the West margin of State Highway No. 13 and the South margin of Copeland Street (Where Copeland Street intersects with State Highway No. 13); thence South 4 deg. 30' East 79.5 feet with the west margin of Highway No. 13 to a stake, the southeast corner of this lot and the North east corner of lot retained by George Nelson; thence South 81 deg. 11'55.4" West 107.5 feet with Nelson's North boundary line to a stake; thence North 4 deg. 36'39.6" West 82 feet to a stake in the South margin of Copeland Street; thence with South margin of Copeland Street North 81 deg. 11'54.4" East 107.5 feet to the beginning and being Lot No. 2 in the Skelton Subdivision. Plat recorded in Deed book 28, page 566, dated July 6, 1946.

Being the property conveyed to Wayne County, a governmental entity of the State of Tennessee by Deed with Special Warranty from National Healthcare of Wayne County, Inc. dated July 1, 1988, recorded in Deed Book 112, Page 209, Register's Office of Wayne County, Tennessee.

# SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT

THIS SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Second Amendment") is entered into effective as of August 134, 2014 by and between County of Wayne, Tennessee ("Seller") and Waynesboro Healthcare, LLC ("Purchaser").

#### WITNESSETH:

WHEREAS, Seller and Purchaser entered into that certain Purchase and Sale Agreement dated as of June 30, 2014, as amended by that First Amendment to Purchase and Sale Agreement dated as of July 25, 2014 (as amended, the "Agreement"); and

WHEREAS, Seller and Purchaser have agreed to further amend the Agreement as set forth hereinbelow; and

WHEREAS, capitalized terms that are not otherwise defined in this Second Amendment shall have the same meanings ascribed to them in the Agreement.

NOW, THEREFORE, for and in consideration of Ten and 00/100 Dollars (\$10.00), in hand paid, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

 Amendment. Section 4.01 of the Agreement shall be deleted in its entirety and the following inserted in lieu thereof:

"Purchaser's obligations under this Agreement are subject to and conditioned upon Purchaser's determination, made in Purchaser's sole discretion during the period ninety (90) days following the Execution Date (the "Inspection Period"), that the Assets are suitable to Purchaser in its sole discretion."

- Ratification. The Agreement, as amended by this Second Amendment, is hereby
  ratified and confirmed by the parties hereto on and subject to each of the terms,
  provisions and conditions thereof and is hereby declared by the Seller and Purchaser
  to be in full force and effect.
- Successors and Assigns. This Second Amendment is binding upon, and shall inure to the benefit of, Seller and Purchaser and their respective successors and assigns.
- 4. <u>Counterparts</u>. This Second Amendment may be executed in multiple counterparts, including by facsimile or e-mail, each of which shall be deemed an original, and all of which shall be one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Second Amendment on the date and year indicated above.

SELLER:

COUNTY OF WAYNE, TENNESSEE, a governmental entity and political subdivision of the State of Tennessee

By:

Jason Righ, County Executive

PURCHASER:

WAYNESBORO HEALTHCARE, LLC
a Tennessaeplingfed liability company

By:

Thomas D. Johnson, Chief Manager

# THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT

THIS THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Third Amendment") is entered into effective as of September \_27th\_, 2014 by and between County of Wayne, Tennessee ("Seller") and Waynesboro Healthcare, LLC ("Purchaser").

### WITNESSETH:

WHEREAS, Seller and Purchaser entered into that certain Purchase and Sale Agreement dated as of June 30, 2014, as amended by that First Amendment to Purchase and Sale Agreement dated as of July 25, 2014 and that Second Amendment to Purchase and Sale Agreement dated as of August 13, 2014 (as amended, the "Agreement"); and

WHEREAS, Seller and Purchaser have agreed to further amend the Agreement as set forth hereinbelow; and

WHEREAS, capitalized terms that are not otherwise defined in this Third Amendment shall have the same meanings ascribed to them in the Agreement.

NOW, THEREFORE, for and in consideration of Ten and 00/100 Dollars (\$10.00), in hand paid, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. Amendment. Section 4.01 of the Agreement shall be deleted in its entirety and the following inserted in lieu thereof:

"Purchaser's obligations under this Agreement are subject to and conditioned upon Purchaser's determination, made in Purchaser's sole discretion during the period one-hundred (180) days following the Execution Date (the "Inspection Period"), that the Assets are suitable to Purchaser in its sole discretion. The parties hereby acknowledge and agree that the expiration of the Inspection Period shall be December 29, 2014."

- Ratification. The Agreement, as amended by this Third Amendment, is hereby
  ratified and confirmed by the parties hereto on and subject to each of the terms,
  provisions and conditions thereof and is hereby declared by the Seller and Purchaser
  to be in full force and effect.
- Successors and Assigns. This Third Amendment is binding upon, and shall inure to the benefit of, Seller and Purchaser and their respective successors and assigns.
- Counterparts. This Third Amendment may be executed in multiple counterparts, including by facsimile or e-mail, each of which shall be deemed an original, and all of which shall be one and the same instrument.

# THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT

THIS THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Third Amendment") is entered into effective as of September \_27th\_, 2014 by and between County of Wayne, Tennessee ("Seller") and Waynesboro Healthcare, LLC ("Purchaser").

#### WITNESSETH:

WHEREAS, Seller and Purchaser entered into that certain Purchase and Sale Agreement dated as of June 30, 2014, as amended by that First Amendment to Purchase and Sale Agreement dated as of July 25, 2014 and that Second Amendment to Purchase and Sale Agreement dated as of August 13, 2014 (as amended, the "Agreement"); and

WHEREAS, Seller and Purchaser have agreed to further amend the Agreement as set forth hereinbelow; and

WHEREAS, capitalized terms that are not otherwise defined in this Third Amendment shall have the same meanings ascribed to them in the Agreement.

NOW, THEREFORE, for and in consideration of Ten and 00/100 Dollars (\$10.00), in hand paid, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

 Amendment. Section 4.01 of the Agreement shall be deleted in its entirety and the following inserted in lieu thereof:

"Purchaser's obligations under this Agreement are subject to and conditioned upon Purchaser's determination, made in Purchaser's sole discretion during the period one-hundred (180) days following the Execution Date (the "Inspection Period"), that the Assets are suitable to Purchaser in its sole discretion. The parties hereby acknowledge and agree that the expiration of the Inspection Period shall be December 29, 2014."

- Ratification. The Agreement, as amended by this Third Amendment, is hereby
  ratified and confirmed by the parties hereto on and subject to each of the terms,
  provisions and conditions thereof and is hereby declared by the Seller and Purchaser
  to be in full force and effect.
- Successors and Assigns. This Third Amendment is binding upon, and shall inure to the benefit of, Seller and Purchaser and their respective successors and assigns.
- Counterparts. This Third Amendment may be executed in multiple counterparts, including by facsimile or e-mail, each of which shall be deemed an original, and all of which shall be one and the same instrument.

November 25, 2014 12:30 am

IN WITNESS WHEREOF, the parties have executed this Third Amendment on the date and year indicated above.

#### SELLER:

COUNTY OF WAYNE, TENNESSEE, a governmental entity and political subdivision of the State of Tennessee

Rv.

Jason Rich County Executive

PURCHASER:

WAYNESBORO HEALTHCARE, LLC a Tennessee limited liability company

By:

Thomas D. Johnson, Chief Manager

IN WITNESS WHEREOF, the parties have executed this Third Amendment on the date and year indicated above.

SELLER:

COUNTY OF WAYNE, TENNESSEE, a governmental entity and political subdivision of the State of Tennessee

Ву:

Jason Rich County Executive

PURCHASER:

WAYNESBORO HEALTHCARE, LLC a Tennessee limited liability company

By:

Thomas D. Johnson, Chief Manager

#### Attachment "2"

Section C, Need, Item 3 (Service Area)

QUESTION:

Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please verify the following table.

#### **RESPONSE:**

Please see updated Population Chart below:

Variable	Wayne County	Tennessee
Current Year (2014), Age 65+	3005	981,984
Projected Year (2018), Age 65+	3219	1,102,413
Age 65+, % Change	7.1%	12.3%
Age 65+, % Total (PY)	3.6%	6.1%
2014, Total Population	16,854	6,588,698
2018, Total Population	16,724	6,833,509
Total Pop. % Change	-0.8%	3.7%
TennCare Enrollees	2972	1,241,028
TennCare Enrollees as a % of Total Population	17.6%	18.8%
Median Age	40.9	38
Median Household Income	\$35,377	\$44,140
Population % Below Poverty Level	20.7%	17.3%

November 25, 2014 12:30 am

# Attachment "3" Exhibit A

Please see Revised bank letter from Georgia Commerce Bank below



2970 Peachtree Road NW Suite 100 Atlanta, GA 30305 Phone 404.240.5000 Fax 404.814.9745

November 25, 2014

Mr. John E. McMullan Manager Wayne Real Estate Investors, LLC 1175 Peachtree Street, Suite 350 Atlanta, Georgia 30361

Dear Mr. McMullan:

Pursuant to a request from the State of Tennessee Health Services and Development Agency, I am writing to confirm that Georgia Commerce Bank anticipates that we will fund at least \$6,000,000 to Wayne Real Estate Investors, LLC, subject to the necessary Certificate of Need (C.O.N.) authorization and our final approval. As stated in my November 7 letter, Georgia Commerce Bank has entered into a number of financing arrangements with you and your related entities, and we are prepared to extend project funding in support of this project and other related Wayne County facility enhancements, subject to final approval, should the C.O.N. application be approved.

Our previous correspondence was addressed to Waynesboro Healthcare, LLC, as the C.O.N. applicant because it will be the licensee, but as you know, our funds to finance this combination acquisition/development project would be extended to the landlord. Wayne Real Estate Investors, LLC.

We are pleased to offer this proposed financing to Wayne Real Estate Investors, LLC, and to confirm our proposed terms with you as outlined in our previous letter. Please let me know if you need anything else.

Sincerely,

Seth T. Gray

Senior Vice President

dbb

November 25, 2014 12:30 am

# Attachment "3" Exhibit B

Please see Thomas D. Johnson financial statement below.

November 25, 2014 12:30 am

#### Attachment "3"

Section C, Economic Feasibility, Item 2

#### **QUESTION:**

The letter from Georgia Commerce Bank to Waynesboro Healthcare, LLC dated November 20, 2014 is noted. However, please clarify why the letter is not addressed to Wayne Real Estate Investors, LLC who will be receiving the loan to finance the proposed project.

Please clarify if Waynesboro Healthcare, LLC has the financial resources to finance the proposed project if Wayne Real Estate Investors, LLC does not meet the credit approval and underwriting criteria of Georgia Commerce Bank.

#### RESPONSE:

An updated letter from Georgia Commerce Bank, addressed to Wayne Real Estate Investors, LLC is attached as Attachment "3" Exhibit A. Tom Johnson, who is the principle "at the top" of the organizational charts previously provided for Waynesboro Healthcare, LLC, Health Services Management Group, LLC, and other affiliated entities, has been involved in many transactions with John E. ("Ted") McMullen, a principle of Wayne Real Estate Investors, LLC and its affiliates. The applicant is confident that Wayne Real Estate Investors, LLC will meet the credit approval and underwriting criteria of Georgia Commerce Bank, as those entities have in previous transactions. However, if for some reason Wayne Real Estate Investors, LLC did not meet such credit approval and underwriting criteria, Mr. Johnson and his affiliated entities have the financial resources to otherwise finance the proposed project-please see the personal financial statement of Mr. Johnson attached as Attachment "3" Exhibit B

Thomas D. Johnson Personal Financial Statement As of December 31, 2013

November 25, 2014 12:30 am

November 25, 2014 12:30 am

# Thomas D. Johnson Personal Financial Statement As of December 31, 2013

## **Assets**

 CASH/STOCK
 \$1,042,998

 REAL ESTATE OWNED
 \$1,415,000

 PERSONAL PROPERTY
 \$170,000

 INVESTMENTS
 \$16,147,706

TOTAL ASSETS

\$18,775,704

# Liabilities & Net Worth

REAL ESTATE MORTGAGES PAYABLE \$ 605,122

TOTAL LIABILITIES \$ 605,122

NET WORTH \$18,170,582

TOTAL LIABILITIES & NET WORTH \$18,775,704

Thomas D. Johnson

Date: 11-24-14

#### Attachment "4"

Section C, Economic Feasibility, Item 3

## **QUESTION:**

The comparison of the renovated and new construction cost per square foot of the proposed project to nursing homes construction cost per square foot of nursing homes approved by the Agency from 2011 to 2013 is noted. However, the applicant reversed the totals for renovated and new construction. Please correct and resubmit.

#### RESPONSE:

Please see revised charts below:

Nursing Home Construction Cost Per Square Foot Years: 2011-2013

	Renovated Construction	New Construction	Total Construction
1 <sup>st</sup> Quartile	\$25.00/sq ft	\$152.80/sq ft	\$94.55/sq ft
Median	\$55.00/sq ft	\$167.31/sq ft	\$152.80/sq ft
3 <sup>rd</sup> Quartile	\$101.00/sq ft	\$176.00/sq ft	\$167.61/sq ft

Renovated and New Construction Costs Per Square Foot

Category	Square Footage	\$ per square foot	Total Construction
Renovation	2952	\$120.00	\$354,240
New Construction	20,800	\$170.00	\$3,536,000
Total Project Cost	23,752	\$163.78	\$3,890,240

November 25, 2014 12:30 am

#### Attachment "7"

#### Section C, Economic Feasibility, Item 5

#### **QUESTION:**

Please recalculate the project's average gross charge, average deduction from operating revenue and average net charge and resubmit.

#### **RESPONSE:**

Year 1
Average Gross Charge:
\$8,570,073/43020 total days = \$199.21
Average deduction from operating revenue
\$-\$64,382/43020 = -\$1.50
Average net charges
=(\$8570073-64382)/43020 total days =\$197.71

Year 2
Average Gross Charge:
\$10,871,585/51109 total days = \$212.71
Average deduction(Contra is positive) from operating revenue
\$+56,832/51109 = +\$1.11
Average net charges
=(\$10871,585+56832)/51109 total days =\$213.83

#### **SUPPLEMENTAL #2**

November 25, 2014 12:30 am

#### Attachment "6"

Section C, Economic Feasibility, Item 4 (Projected Data Chart)

#### **QUESTION:**

The itemization of "other expenses" for the Wayne County Nursing Home Projected Data Chart is noted. However, the totals for 2016 and 2017 do not match the itemized amount. Please revise and resubmit.

Please include the actual patient days for 2016 and 2017 on the Projected Data Chart under "A. Utilization data" and resubmit.

#### **RESPONSE:**

Please see revised Projected Data Chart below:

#### **SUPPLEMENTAL #2**

November 25, 2014 12:30 am

#### Attachment "5"

Section C, Economic Feasibility, Item 4 (Historical Data Chart)

#### **QUESTION:**

Please include the actual patient days for 2012, 2013, and 2014 in both Historical Data Charts under "A. Utilization data" and resubmit.

The itemization of "other expenses" for the Wayne County Nursing Home Historical Data Chart is noted. However, the totals for 2012, 2013, and 2014 do not match the itemized amount. Please revise and resubmit.

If possible, please complete the Historical Data Chart "Other expenses" section that is located at the end of this supplemental request for Wayne Care Nursing Home.

#### RESPONSE

Please see revised Historical Data Charts for Wayne County Nursing Home and Wayne Care Nursing Home below:

#### **SUPPLEMENTAL #2**

November 25, 2014 12:30 am

November 24, 2014 Mr. Phillip Earhart Page 2

Should you have any questions or need additional information, please contact me at 423-470-9232.

Respectfully Submitted,

Kelli Canan

Project Manager

Cc: The

Thomas D. Johnson, Chief Manager

Ann Reed, Director of Licensure

## SUPPLEMENTAL #2 November 25, 2014 12:30 am

#### **AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF BEADLEY

NAME OF FACILITY: Waynesboro Heach & Rehabilitation Center

I, Velli A. Coron, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Vell a. Canan, Project Manager Signature/Title

witness my hand at office in the County of BADEY

NOTARY
PUBLIC

AT

LARGE

NOTARY PUBLIC

NOTARY PUBLIC

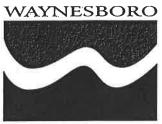
HF-0043

Revised 7/02

## **ADDITIONAL INFORMATION**

## Copy

# Waynesboro Health and Rehabilitation Center <u>CN1411-045</u>



Health & Rehabilitation Center

November 25, 2014

Mr. Phillip Earhart
Health Services Development Examiner
Health Services & Development Agency
Andrew Jackson Building, 9<sup>th</sup> Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need Application CN1411-045

Waynesboro Health and Rehabilitation Center

Mr. Earhart,

Pursuant to your phone call of today's date, please find final revisions to the following sections of our CON application attached:

Attachment "5" Section C, Economic Feasibility, Item 4 (Historical Data Chart)

Attachment "7" Section C, Economic Feasibility, Item 5

Thank you again for your guidance in this process, we greatly appreciate you! Should you have any questions or need additional information, please contact me at 865-556-2477.

Respectfully Submitted,

Kelli Canan Project Manager

Cc: Thomas D. Johnson, Chief Manager

Ann Reed, Director of Licensure

#### Attachment "5"

#### Section C, Economic Feasibility, Item 4 (Historical Data Chart)

#### **QUESTION:**

Please include the actual patient days for 2012, 2013, and 2014 in both Historical Data Charts under "A. Utilization data" and resubmit.

#### **RESPONSE:**

Please see revised Historical Data Charts for Wayne County Nursing Homes and Wayne Care Nursing Home Below

#### **QUESTION:**

The itemization of "other expenses" for the Wayne County Nursing Home Historical Data Chart is noted. However, the totals for 2012, 2013, and 2014 do not match the itemized amount. Please revise and resubmit.

#### **RESPONSE:**

Please see revised Historical Data Charts for Wayne County Nursing Homes

#### **QUESTION:**

If possible, please complete the Historical Data Chart "Other expenses" section that is located at the end of this supplemental request for Wayne Care Nursing Home.

#### **RESPONSE:**

Please see revised Historical Data Charts for Wayne Care Nursing Home below:

#### Attachment "7"

#### Section C, Economic Feasibility, Item 5

#### **QUESTION:**

Please recalculate the project's average gross charge, average deduction from operating revenue and average net charge and resubmit.

#### **RESPONSE:**

Year 1 Average Gross Charge: \$8,793,747/43020 total days = \$204.41 Average deduction from operating revenue \$-\$103,938/43020 = -\$2.41 Average net charges = (\$8,793,747-103,938)/43020 total days =\$201.99

Year 2 Average Gross Charge: \$11,096,056/51109 total days = \$217.11 Average deduction from operating revenue \$-7,559/51109 = -\$0.15 Average net charges = (\$11,096,056-7,559)/51109 total days =\$216.96

#### **AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF BRADLEY

NAME OF FACILITY: Waynesboro Health & Rehabilitation

I, <u>Valling</u>, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Kelli a. Canan, Project Manager Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 35th day of Northa, 2014, witness my hand at office in the County of Planty , State of Tennessee.

PUBLIC

LARGE

NOTARY PUBLIC

My commission a

HF-0043

Revised 7/02



# STATE OF TENNESSEE DEPARTMENT OF HEALTH DIVISION OF HEALTH LICENSURE & REGULATION OFFICE OF HEALTH CARE FACILITIES 665 MAINSTREAM DRIVE, SECOND FLOOR NASHVILLE, TENNESSEE 37243 TELEPHONE (615) 741-7221 FAX (615) 741-7051

October 24, 2014

Mr. Thomas D. Johnson, Chief Manager Waynesboro Healthcare, LLC 485 Central Avenue Cleveland, TN 37311

RE: Waiver request: Inactive Status for Wayne Care Nursing Home, Waynesboro #277

Dear Mr. Johnson:

The Board for Licensing Health Care Facilities met on September 10, 2014. The following request was granted:

A WAIVER WAS GRANTED TO ALLOW WAYNE CARE NURSING HOME'S, WAYNESBORO, LICENSE TO BE PLACED ON INACTIVE STATUS THROUGH MAY 10, 2015.

Board action was taken in accordance with Section 68-11-206, Chapter 11, Tennessee Code Annotated, which gives the Board authority to place a license in an inactive status.

Please notify this office in writing of any changes to prove that you are meeting the requirement that was waived.

If you have any questions you may contact this office at (615) 741-7221.

Singerely,

Ann Rutherford Reed, RN, BSN, MBA

Director of Licensure

Division of Health Care Facilities

ARR/weh

cc: Chris Puri, Attorney, BABC

WTRO File

LIIC

**Dolores Willis** 



NAME AND ADDRESS OF TAXABLE PARTY OF TAX

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## State of Tennessee Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243 www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

December 1, 2014

Kelli Canan, CON Project Manager Health Services Management Group 485 Central Avenue Northeast Cleveland, TN 37311

RE: Certificate of Need Application -- Waynesboro Health & Rehabilitation Center - CN1411-045

Dear Ms. Canan:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need for the relocation and replacement of Wayne Care Nursing Home located at 505 South Main Street, Waynesboro (Wayne County), TN, a 46-bed nursing facility, and the construction of an addition to Waynesboro Health and Rehabilitation Center (f/k/a Wayne County Nursing Home), a 109-bed nursing facility located at 104 J.V. Mangubat Drive, Waynesboro (Wayne County), TN 38485. The project will combine the two licensed facilities into one licensed nursing facility by closing the 46-bed facility at 505 Main Street and combining the beds by construction of an addition to the existing 109-bed facility at 104 J.V. Mangubat Drive. Upon completion, Waynesboro Health and Rehabilitation Center will house the combined 155-bed nursing facility, which will become dually certified for participation in Medicare and Medicaid and will include an 18-bed designated Memory Care Unit. The service area is Wayne County. Project cost is \$5,658,318.00.

Please be advised that your application is now considered to be complete by this office. Your application is being forwarded to the Tennessee Department of Health and/or its representative for review.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on December 1, 2014. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on February 25, 2015.

Kelli Canan, CON Project Manager 485 Central Avenue Northeast December 1, 2014 Page 2

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

Melanie M. Hill Executive Director

MMH:mab

cc: Trent Sansing, CON Director, Division of Health Statistics

m Hela



## State of Tennessee Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243 **www.tn.gov/hsda** Phone: 615-741-2364 Fax: 615-741-9884

#### **MEMORANDUM**

TO:

Trent Sansing, CON Director

Office of Policy, Planning and Assessment

Division of Health Statistics

Andrew Johnson Tower, 2nd Floor 710 James Robertson Parkway Nashville, Tennessee 37243

Tile, Tennessee 3/2

FROM:

Melanie M. Hill Executive Director

DATE:

December 1, 2014

RE:

Certificate of Need Application

Waynesboro Health & Rehabilitation Center - CN1411-045

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on December 1, 2014 and end on February 1, 2015.

Should there be any questions regarding this application or the review cycle, please contact this office.

MMH:mab

Enclosure

cc: Kelli Canan, CON Project Manager

## CERTIFICATE OF NEED REVIEWED BY THE DEPARTMENT OF HEALTH DIVISION OF POLICY, PLANNING AND ASSESSMENT

615-741-1954

DATE:

February 27, 2015

APPLICANT:

Waynesboro Health and Rehabilitation Center

104 J.V. Mangubat Drive

Waynesboro, Tennessee 38485

**CON #:** 

CN1411-045

**CONTACT PERSON:** 

Kelli Canan, CON Project Manager Health Services Management Group

485 Central Avenue, NE Cleveland, Tennessee 37311

COST:

\$5,658,317.63

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

#### **SUMMARY:**

The applicant, Waynesboro Health & Rehabilitation Center, an existing licensed nursing home owned by Waynesboro Healthcare, LLC, a limited liability company, and to be managed by Health Services Management Group, LLC, filed this Certificate of Need (CON) with the Health Services and Development Agency (HSDA). The project, if approved, will involve the relocation and replacement of Wayne Care Nursing Home a 46 bed nursing home located at 505 South Main Street, Waynesboro (Wayne County), Tennessee. The Wayne Care Nursing Home will be relocated to 104 J. V. Mangubat Drive, also located in Waynesboro, Tennessee, which is an 109 bed licensed nursing home. The 46 bed facility will be combined with the 109 bed Waynesboro Health and Rehabilitation Center to create a single 155 bed nursing home facility. The project will include, as part of its bed complement, an 18 bed Designated Memory Care Unit.

Note to Agency Members: The Division of Policy, Planning and Assessment, Office of Health Statistics notes the address shown on the Office of Licensure web site states that the address of Wayne Care Nursing Home is 505 South High Street. It is also noted that the address cited in the 2013 Joint Annual Report of Nursing Homes also gives an address of 505 South High Street. The applicant did not explain the change in the name of the street.

The applicant explained, in response to questions by the HSDA staff examiner, that the 46 bed facility will be incorporated within a revised single structure that will consist of 54 beds. Included in this total are the 18 beds for the Designated Memory Care Unit. The balance of the 101 nursing home beds will remain in the existing Waynesboro Health and Rehabilitation Center making a total of 155 beds when the project is complete.

The total projected cost of the project will be \$5,658,317.63 and will be financed by a loan from the Georgia Commerce Bank and the interest rate will be based upon the *Wall Street Journal* prime rate plus 1%, minimum, total interest 5.25%. The maturity date will be 36 months from the closing date.

#### **GENERAL CRITERIA FOR CERTIFICATE OF NEED**

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

The population projections for Wayne County in 2015 and 2019 are 16,815 and 16,691, a decrease of (0.7%).

#### **NEED:**

The applicant, Waynesboro Health and Rehabilitation Center, has identified the need for the implementation of comprehensive skilled nursing services in Wayne County. Currently, the two (2) existing nursing homes can only serve private pay and TennCare/Medicaid clients requiring long term care services.

The applicant considered maintaining the current system but determined it would not be feasible to operate the 46 bed Wayne Care Nursing Home with its lack of modern amenities such as bathrooms in every room. The old facility cannot be renovated and additionally, the site would impose restrictions that make this idea impractical.

The Waynesboro Health and Rehabilitation Center has 109 licensed beds. According to the applicant, while this is an older facility its construction is of a higher order than that of Wayne Care Nursing Home. However, this nursing home lacks space for skilled nursing services and would not have room for the proposed 18 bed Designated Memory Care Unit. If the applicant does nothing; the residents of Wayne County will continue to be referred to other skilled care facilities in other counties.

Therefore, the applicant has chosen to develop a comprehensive array of nursing home services which will incorporate skilled care services and a specialized Designated Memory Care Unit.

#### **TENNCARE/MEDICARE ACCESS:**

Both of aforementioned nursing home facilities were certified as Medicaid/TennCare as for Level I intermediate care services. The new 155 bed combined facility will apply to become a Medicare Skilled Nursing Facility (SNF) and a Medicaid/TennCare Skilled Nursing Facility (Level II skilled and Level I intermediate care services). This will allow the combined dually certified nursing home to offer a complete spectrum of nursing services to residents of the service area.

The Joint Annual Report of Wayne Care Nursing Home 2013 was reviewed by staff of the Division of Policy, Planning and Assessment-Office of Health Statistics to determine the amount of Medicaid/TennCare revenue and the number of Medicaid/TennCare patient days it reports for the period 7/01/2012 to 6/30/2013. Based on the Joint Annual Report for that period the facility reported \$0 Medicaid/TennCare revenue and no other governmental revenue in FY 2013. The problem appeared compounded by the reported patient days in the JAR. In the 2013 JAR the facility reported it provided 9,086 patient days of care to its intermediate care (Level I) Medicaid/TennCare patients which would result, based on the \$157 daily charge, in approximately \$1,426,502 of revenue. The facility reported it provided 1,072 patient days of care to its private pay residents which at the same rate of \$157 per day would result in \$168,304 of revenue from that source. The gross total revenue for 2013, as reported by Wayne Care Nursing Home in the 2013 JAR, was \$171,846 which is close to the approximate revenue calculated by the Division of Policy, Planning and Assessment-Office of Health Statistics for only the private pay residents.

Further analysis of the 2013 JAR reveals the facility in question reported it provided \$9,226 in charity care and \$2,195,879 in bad debt. These calculations do not allow the Division of Policy, Planning and Assessment-Office of Health Statistics to rely upon the 2013 JAR. The applicant recognized this problem and took steps to address this problem and provided more meaningful estimates of Medicare. Medicaid/TennCare and private pay revenues which are detailed in the Historical Data Chart as noted in the application in Supplemental 2 of the CON application. The

new owners are working with the staff of the Division of Policy, Planning and Assessment-Office of Health Statistics to improve the quality of the JARs in future years.

#### **ECONOMIC FACTORS/FINANCIAL FEASIBILITY:**

The Department of Health, Division of Policy, Planning, and Assessment has reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine they are mathematically accurate and the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

**Project Costs Chart:** The Project Costs Chart is located in the CON application on page 25. The total cost is \$5,658,317.63.

**Historical Data Chart:** The Revised Historical Data Chart is located in Supplement 2 of the application. The historical financial data for each of the two (2) nursing homes, after the revisions by the Health Services and Management Group, are as follows:

- 1. Wayne Care Nursing Home reported 14,377, 13,388 and 11,432 patient days in 2012, 2013, and 2014, respectively. The applicant reported net operating income of \$45,053, \$(35,053) and \$(318,851) each year, respectively.
- 2. Wayne County Nursing Home reported 35,995, 33,452 and 29,982 patient days in 2012, 2013 and 2014 respectively. The applicant reported net operating income of \$(156,421), \$(356,933) and \$(408,502) in each year respectively.

**Projected Data Chart:** The Revised Projected Data Chart is located in Supplemental 2. The applicant projects it will provide 43,020 and 51,109 patient days of care in years 2016 and 2017 respectively. The total net operating revenue in year one (2016) is projected to be \$552,407 and is projected to be \$1,491,213 in year two (2017) of the project.

The applicant's projected average gross charge in 2016 is projected to be \$199.21 and in 2017 is projected to be \$212.71.

The applicant did state, in their view, the project as presented would be the most cost effective way to provide comprehensive nursing home services to the residents of Wayne County. Currently the two separate facilities do not provide skilled nursing services and are not configured in an optimum manner to serve skilled care patients which need space specifically designed to provide an active and intensive treatment program. In addition, any alternative project would not be as cost effective. This project would also enable Waynesboro Health and Rehabilitation to serve those residents requiring skilled services to receive those services within Wayne County. Currently these services are provided by nursing homes in adjacent counties.

#### CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant listed the staffing plan for the Waynesboro Health and Rehabilitation Center and the anticipated salary per hour in the CON application as Attachment 22. The list of all relevant healthcare occupations and the range of the salaries for these occupations developed by the Tennessee Department of Labor and Workplace Development is also included as part of Attachment 22.

The Tennessee Department of Health, Division of Health Care Facilities issued a license, number 278 for Waynesboro Healthcare, LLC dba Waynesboro Health and Rehabilitation Center due to a Change of Ownership (CHOW) effective 8/1/2014 as noted in correspondence from the Tennessee Department of Health dated October 21, 2014. On 8/1/2014 the Tennessee Department of Health,

Division of Health Care Facilities issued a license, number 277 to Waynesboro Healthcare, LLC dba Wayne Care Nursing Home.

These two facilities have a total of 155 licensed nursing home beds located in Wayne County. There are no other nursing home facilities in Wayne County. This project will not result in any additional beds in Wayne County. The impact, if any, will be a reduction in skilled care referrals from the Wayne County Hospital, to other nursing homes located out of the county. The applicant on page 33 of the CON application states this impact will be very small in what they say are the positive impacts of a modern and renovated 155 bed facility which can now offer skilled care nursing services and specialized treatment services for the designated 18-bed secured memory care unit.

#### SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

## CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

There will be no change in the number of nursing home beds provided by the applicant and no major medical equipment will be acquired by the applicant.

- For relocation or replacement of an existing licensed health care institution:
  - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.
  - b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

One of the two (2) nursing home facilities operated by the applicant, Wayne Care Nursing Home is very outdated and cannot be renovated in an economically feasible manner. The applicant on page 20 of the CON application notes that continuing to utilize the existing 46-bed Wayne Care Nursing Home would prevent the sort of economies of scale envisioned in the applicant's proposal. The merger of the two facilities into a modern 155-bed facility would allow the applicant to offer skilled nursing services and an 18-bed Designated Memory Care Unit. These services cannot be provided in two (2) separate nursing homes due to the physical limitations imposed by the current design of these facilities. The review of the photographs of the Wayne Care Nursing Home, provided by the applicant, confirm that facility cannot provide the sort of amenities expected by consumers and residents in today's nursing home market. Similarly, the current configuration of Waynesboro Health and Rehabilitation Center does not offer sufficient space for a comprehensive rehabilitation services for individuals such as stroke and orthopedic patients. It is also noted that the proposed 18-bed Designated Memory Care Unit would not be feasible in the existing 109-bed nursing home.

The bed need cannot be viewed in isolation from the absence of skilled care services for residents of Wayne County whether funded by Medicare or Medicaid/TennCare or commercial or other payor sources. Currently, the bed need formula addresses total bed need in a county not Medicare bed need. Therefore, it can be assumed some of the

138 bed need represents Medicare skilled bed needs. Note that the bed need formula represents additional bed need in the future. The applicant has the capacity to provide sufficient beds to accommodate current demand and increase its occupancy rate as it up markets its services to those residents of Wayne County that now go elsewhere for skilled care services.

- 3. For renovation or expansions of an existing licensed health care institution:
  - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.
  - b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

The applicant notes the two (2) current nursing home facilities in Wayne County do not provide skilled nursing (SNF) services. The residents of Wayne County requiring this level of care must be transferred to skilled nursing facilities in other counties. This project will insure greater community access to high quality skilled care and rehabilitation services within Wayne County.

The Wayne Care Nursing Home is now closed and renovations to this facility would only impose additional cost to the applicant. The applicant has included photographs of this facility in Attachment 7, Section B. II. D. Need.

3			





JEN 12 15 M 191

Ms. Melanie Hill
Executive Director
Tennessee Health Services & Development Agency
500 Deadrick Street
Suite 850
Nashville, TN 37243

Reference: Letter of Support for CON CN1411-045

mea Barrier, en pos

Dear Ms. Hill,

Please accept this as a formal letter of support in the Wayne Care Replacement facility relocated to Waynesboro Health & Rehabilitation Center Project. As a former Director of Nursing in long-term care, I fully understand the importance of Medicare services, including rehabilitation services and skilled nursing care, as well as a Memory Care Secure unit being located in Wayne County. It is especially difficult on families, which are already overwhelmed, to travel a distance of greater than 30 miles and outside of their own county to visit a loved one who requires either of these types of care. I do hope you strongly consider the benefit that this project will bring to the community of Wayne County, TN.

Sincerely,

Tonia Barrier, RN

Director of Operations

Avalon Hospice

1407 N. Locust Ave., Ste. 103

Lawrenceburg, TN 38464

P: 931-244-6901

F: 931-244-6905

January 08th 2015

Ref: CON#: CN 1411-045

To Whom it may concern,

My name is Chad Balentine I am writing this letter from the veiw of a business owner, hospice chaplain, and minister. Having lived in Wayne County for the most of my life and having my family and friends that reside here as well, I feel the need to combine the two Nursing Facilities (Wayne County Nursing Home and Wayne Care) into one location as Waynesboro Health and Rehab. Both locations have served our area well in the past and in the time in which they were established. Over time and due to the increase in healthcare needs and expansions it has become a burden upon the residence of Wayne County to go into facilities outside of the county. This in turn causes many hardships upon the families and causes a sense of seperation for the patients. I feel the need and time is here for the merging of the two into one. The Wayne Care location is lacking in the needs of the patients as far as their need to have a private and personal bathroom. Having to share bathrooms with the general population doesn't give the residence a since of privacy and the at hoe environment that that they should have. As having a grandmother who is presently in the Nursing Home, her deciding factor was the fact of having a bathroom located within her room. She felt that it gave her privacy and felt more like home. As many are now seeking the level of skilled nursing home placement, we are having to find them placement outside of our county. The residents of our county should have the same options and choice as other areas do. I feel that with the combining the two locations under one roof and mangement team, it will better serve the residents, families, and community. The idea of having a secure memory unit is a very welcomed and needed option in our county. We have no such facility or location that is providing this at the present time. As a Chaplain in Hospice, we see the increase in the families dealing with members that are suffering from memory loss. As this is becoming an increase there seems to be less qualified locations or personnel that are trained and prepared to care for these needs. The creation of a memory unit will give the families of these pts the sense of security and for the pt's themselves it will give a sense of belonging and a normal consistant environment for them to live within. I am for the combining of all beds into one location for the purpose of insuring continued elevated care in our county. Thank you for your time. I can be reached at 731-412-2389.

Thank You,

Chad Balentine, Pastor

#### COLLINWOOD HARDWARE

P.O. Box 293 208 East Broadway Collinwood, Tn. 38450 Phone 931-724-4616

February 2, 2015

Ms. Melanie Hill Executive Director TN. Health Services & Development Agency 500 Deaderick St., Suite 850 Nashville, TN 37243

Reference: Letter of Support for CON CN1411-045

This letter is to encourage you to support this project. This will definitely benefit our community by providing services to patients from our county and surrounding areas. This would provide Medicare skilled beds (which the current facility does not have), rehabilitation care and secure premises for dementia/Alzheimer patients. Having personal restroom and bathing facilities gives the patient more independence, security and feelings of home life. We have had personal experience with family members as patients in such facilities and know that services such as these are comforting to the patient and their loved ones. We realize that in the future we ourselves may have a need of something like this. Everyone wants to be close to their loved ones. We definitely encourage your support for this project.

Fron City TN 38463

Sincerely,

**Employees of Collinwood Hardware** 

R D.

2460 Shownettee Rd

Collinwood In . 38450

Dranley K Kesper Rd

Collinwood Tw 38450

2532 Shownetter pd

Collinwood TN 38480



FHGMedical.com

To: Ms. Melanie Hill
Executive Director
Tennessee Health Services & Development Agency
500 Deaderick Street
Suite 850
Nashville, TN 37243
Reference: Letter of Support for CON CN1411-045

Ms Hill,

I am writing this letter in support of the proposed expanding project of Waynesboro Health & Rehabilitation Center located at 104 J.V. Mangubat Drive. Waynesboro has a dire need for a skilled nursing care facility. As of now, patients must travel outside of Wayne County in at least a thirty-plus mile radius. This is not only inconvenient, but an added expense to the patient and their families.

I would also like to express the need for a secure Memory Care unit for the needs of patients suffering from dementia/Alzheimer. We have many elderly patients in Wayne County and feel that this would be a great benefit for the safety of loved ones who require this type of care. The location of these proposed facilities have convenient access to Wayne Medical Center along with nearby physician offices. Combining the facilities to offer expanded patient care would be a great asset to our community.

Sincerely,

Harish Veeramachaneni, MD

January 22, 2015

Ms. Melanie Hill, Executive Director Tennessee Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

RE: Letter of Support for CON CN1411-045

Dear Ms. Hill,

I am writing this letter in support of the proposed Wayne Care Replacement Facility project. I understand the spectrum of the project which includes combining the two county nursing facilities under one roof; expanding the Waynesboro facility to include the Wayne Care beds; including an 18 bed Memory Unit; and offering skilled nursing and rehabilitation care.

On a personal note, my mother is a resident of Waynesboro Health & Rehabilitation Center. We have had to go out of the county for rehabilitation and skilled services that she had a need for. This was an inconvenience to our family, and I welcome the new services that the new operator intends to provide.

I am in agreement that this project needs to be done and I am in favor of it. Feel free to contact me if you would like to discuss further.

Sincerely,

Glenn Brown,

Mayor of Collinwood

Wayne County

Reference: letter of support for CON CN 1411-045 Me, Melanie Hill, My name is Glova B. Roberts, Som wertling this letter concerning, my son Tom my D. Roberts, Le was at wayne Care nursing Home at 505 S. Highland, ... Clayrestura, In, he es now at Waynesboro Health & Rehabditation Center- (Room 216 A). He es very very happy of contempo there, He says! everyone loves him & treats him very Good, What I like about it, he does too his soom is much liegger I he has a bothroom in his room. He does not have to walk down the at Upayne Case nersons, like he did at now, Thank you loua B. Kalents 1371 Recel Springs Road Salticlo, Ms. 38866-5714 Hone ph. 662-840 0543 Cellph. 662-321-9555

#### Project Description of CON 1411-045 Waynesboro Health & Rehabilitation Center or balksoner racincut racinty relocated to

## Send Letters of Support to Melanie Hill, with copy to Kelli Canan and reference CON #: CN 1411-045

Email: kelli.canan@healthservices.co Cleveland, TN 37311 485 Central Ave. NE Health Services Management Group Project Manager Kelli Canan 11,86

Nashville, TN 37243 Suite 850 500 Deaderick Street Tennessee Health Services & Development Agency Executive Director TO: Ms. Melanie Hill whi

Reference: Letter of Support for CON CN1411-045

#### Project Description:

- Patient Rooms at the old Wayne Care facility do not have a sink, toilet, or bathing facilities in patient facility, Waynesboro Health & Rehabilitation Center will have a total of 155 beds under one roof. the Wayne County Hospital. Once the addition is complete and renovations are made to the existing (Waynesboro Health & Rehabilitation Center) located at 104 J.V. Mangubat Drive across the street from located at 505 S. Main Street, and then construct an addition to the existing 109-bed facility This Certificate of Need project proposes to close the existing 46-bed facility (Wayne Care Center)
- Services will be expanded to include: rooms. Each new patient room in the addition will have full bathroom amenities.
- Rehabilitation therapies (there currently are no skilled rehab facilities in Wayne County) Wayne County) Medicare services/skilled nursing care (there currently are no Medicare nursing facilities in
- 18-bed Memory Care Secure unit (there are no secure memory care facilities in Wayne County)
- Patients requiring secured memory care treatment must leave the county. Patients requiring skilled nursing care must leave the county for treatment.

#### Combining the two facilities adds new services and patient rooms to benefit the community. The combined and knowledge you, the letter writer, have as to why the project is needed, such as: Letters of Support should ask that the project be approved. Personalize the letter based on the experience

- The Community needs Medicare Skilled beds of which there are none in Wayne County. Patients requiring facility will be on one campus located across the street from the hospital and nearby physician offices.
- therapy to recover from a stroke. from orthopedic surgery (hips, knees, etc.) surgery as well as needing speech, occupational, and physical There are patients who have had to be in nursing facilities in other counties for rehabilitation care to recover Medicare Skilled beds have to relocate outside the service area for care.
- have to travel more than 30 miles to visit a patient in a skilled facility or memory care unit. dementia/Alzheimer. There are no secure Memory Care facilities in Wayne County; family and friends The need for a secure Memory Care unit to care for the needs of patients suffering from
- independence of the patient by not having a sink, a toilet, or pathing facilities in patient rooms. The Wayne Care building should be replaced because the physical structure diminishes the dignity and
- The need for a secured memory care unit for the safety of loved ones who require this type care.

#### HYLL MEDICAL CLINIC

Joe Hall, M.D.

Valerie Hall, FUPC; Pat Castleman, FUPC

Ponna Casteel, FUPC; Matt Niswander, FUPC

PO Box 689

Waynesboro, TN 38485

931-722-2800

Dear Ms. Hill,

I write this letter in support of the Waynesboro Health and Rehabilitation Centers planned project to increase quality nursing home beds with the addition of a fully moderate rehabilitation center for our community.

I am a local physician in Waynesboro, Tennessee. I have practiced here as a family physician for over nineteen years and prior to that I practiced as a certified registered nurse anesthetist in and around the Waynesboro area. I have five family nurse practitioner's that I work with and we are fortunate that we have a busy practice week. Myself and the nurse practitioner's have about sixty patients currently in the Waynesboro Health and Rehabilitation Center.

I have been associated with both Wayne County and Wayne Care nursing homes in a professional manner for forty plus years including part ownership in Wayne Care some years ago. I feel I am overly qualified to render a medical opinion and a practical opinion on these two nursing homes as well as Waynesboro Health and Rehabilitation Center and the futuristic plans intended for these institutions.

Wayne County Mursing Home has luckily been able to keep a somewhat modernized institution but has fallen behind in our computer age and in other areas that effect their ability to qualify for Medicare services for a skilled nursing home. Also, from what I am aware of, there is no special care units available for patients diagnosed with dementia for over seventy-five miles of this area.

We, as Wayne county residence and surrounding county residents, have been blessed for the opportunity to have a high quality, first rate modernized and new facility for ICF, skilled nursing home beds, a rehabilitation center and a memory care secure unit.

I would like to outline some general comments regarding this certificate of need:

- Closing Wayne Care nursing home; there are absolutely no other options. Renovation would be an absolute waste of money/time.
- Combining both facilities and housing the patient's in the best facility, Wayne County nursing home, has been needed for a long time but has been held up secondary topolities.
- The intended modernized changes with a brand new addition will have all patients under one roof.
- The modernized facility will have, in each room, personal hygiene facility which has not been the case at Wayne Care nursing home.
- With the intended upgraded changes Medicare services, skilled nursing facilities are getting the appropriate approvals.
- The closest rehabilitation center is thirty-five miles away requiring the patient to be disjointed from their family as well as their primary provider. This distance presence unnecessary burden on the families and friends for visitation.

Waynesboro Health and Rehabilitation Center will be located on what is locally known as "hospital hill". It will be within 300 feet of the Wayne Medical Center's emergency room and hospital entrance. The planned eighteen bed memory care secure unit will be a great asset to our community.

I have no reservation and am absolutely supporting this certificate of need #CN 1411-045. If I may be of any further service please feel free to contact me.

With Respect,



P. O. BOX 471 • 122 PUBLIC SQUARE • WAYNESBORO • TENNESSEE • 38485 OFFICE (931) 722-5458 • FAX (931) 722-9109 • www.cityofwaynesboro.org

February 5, 2015

Ms. Melanie Hill
Executive Director
TN Health Services & Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243
Ref: Letter of Support for CON CN1411-045

Dear Ms. Hill,

Please accept this letter of support on behalf of the City of Waynesboro for The Waynesboro Health and Rehab Center located on J.V. Mangubat Drive in Waynesboro Tennessee.

We feel that the facility should be approved due to a variety of reasons and I would like to highlight a few.

Our nursing home is a critical part of life for the elderly in the community and has been for many years. It impacts the lives of young and old alike. While the economic impact is greatly appreciated though jobs, income, taxes and retail spending, the improvement of care at the facility is first.

I see many benefits from a combined facility that is state of the art and very close to our hospital and physicians. We need a new local facility to reduce on travel, expenses and time for all involved in the day to day care. A skilled facility is needed in Wayne County, with the patients benefiting from having new self contained rooms; it should make them have a brighter out look as well.

Thank you for your time and consideration with this matter and feel free to contact me with any questions or comments.

Sincerely,

John Hickman

Waynesboro City Manager

Cc: Kelli Cannon

miss melaple Hill teb. 7,2015 500 Deaderick St St850 Nashville TD. 37243 Ref. CON#EN 1411-045 Dear Mess Hill I am wretting this letter to showing support for expansion #CON CN-1411-045 at waxwesboto Health + Rehab lenter. By e'Losiwythe old Wayne love nursing home at 505 3. main St. and adding 46 Additional Rooms to WHRE would betabest, interest to cell involved. As the old wargnelace maring home is out lated & has no possibility to add sinks OToelet or batking to addition of facilities would stilled nuising facilities would stilled nuising facilities would allow proper come without being sollow proper come without out being sollow from the Country 3 as would sent of the Country 3 as would a merrory Secure with for those Residents in need, here I hope you understand my sincese feeling on this matter. Kespectfully Gour

C-C' Kelli CANNAN HSMG.

February 7, 2015

Ms. Melanie Hill, Executive Director Tennessee Health Services & Development Agency Group 500 Deaderick Street Suite 850 Nashville, TN 37243

Cc: Kelli Canan, Project Manager Health Services Management 485 Central Ave. NE Cleveland, TN 37311

Re: Letter of Support for CON CN1411-045

Dear Ms. Hill,

My name is Larry Haggard. I have served as Secretary to the Board of Trustees which oversees all Medical facilities in Wayne County, Tennessee, and was appointed by the Wayne County Board of Commission. I have served in this capacity in excess of thirty years.

The decision to close the Wayne Care Facility was made over several years of study and negotiations. The physical condition of this home had deteriorated to the extent that it would be fiscally irresponsible to make the alterations and repairs needed to bring the facility up to date. The building was constructed in the nineteen sixty's by a private firm, and it was not built anywhere near today's standards.

The transfer of the CON's assigned to Wayne Care to Waynesboro Health and Rehabilitation Center will benefit all Wayne County residents by the upgrade of the physical conditions, plus the addition of services our people have not been able to secure here in Wayne County. The need for a skilled nursing facility and memory care unit is real. It would be a wonderful service and convenience for the people of Wayne County.

Your consideration of the request to transfer the CON's is greatly appreciated.

Yours truly,

Larry Haggard

Secretary, Board of Trustees
Wayne County Medical Facilities

January 08th 2015

Ref: CON#: CN 1411-045

To Whom it may concern,

I am Melinda Williams, RN, Patient Care Coordinator for TN Quality Hospice. It has been our privilage to work with the Facilites in Wayne County and the Surrounding areas. We have for always worked very close with the Nursing Homes (Wayne Care and Wayne County) that has served our county for many years. As time and needs change in the medical field, we often see needs that aren't being met and at times there is no options for families to make. I feel from a professional and personal stand point, that it would be of the best interest to allow the moving of the beds assigned to Wayne Care Location. Combine them with the beds presently located at Waynesboro Health and Rehab. I feel that this will allow for the citizens, residence, and families all to be better served. The need for a Skilled, Rehab, and Memory unit is of the greatset needs within our county. As of today there is no availible placement for our pts within Wayne County, needing skilled, rehab, or memory units. The patients will have to be placed outside of our county. We feel this will only benefit the residence of the nursing home themsleves as well as the residence of the Wayne County that will need these types of services in the future. This is a letter in favor of moving the beds associated with Wayne Care to the facility presently housing Waynesboro Health and Rehab for future expansions to meet the needs of Wayne County.

Thank You,

lliams W/Pcc

Melinda Williams, RN, PCC Tn Quality Hospice Waynesboro Branch

## Myra B. Staggs Attorney\* Licensed in Alabama

P.O. Box 85 Waynesboro, Tennessee 38485 615.519.0971

#### mbstaggs@yahoo.com

January 20, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
500 Deaderick Street
Suite 850
Nashville, TN 37243

Re: Letter of Support for CON CN1411-045

Dear Ms. Hill:

Please accept this letter in support of the above-referenced project. I am a native of Wayne County, Tennessee and have first-hand knowledge of what the approval of this project will mean for the residents of Wayne County.

In 2008, my elderly father agreed to leave his Wayne County home of over 55 years for treatment at Savannah Rehab in Savannah, TN for over two months. The facility was one of the closest to his home – some 30 miles away. My father was recovering from foot surgery, and his treating physician believed he could achieve optimal results in a rehab facility.

Unfortunately, there was no facility in Wayne County, his home for 80 plus years. An additional hardship was that he was separated from my mother, who suffered from dementia, during his stay in rehab. My parents were married for over 60 years at the time. My dad's recovery was hampered by the worries he had about my mother. Further, my mother's anxiety and dementia increased as she found herself with caregivers other than my dad. He experienced exceptional care in Savannah, but it is my personal belief that his quality of life would have been much better if there was a Wayne County facility that could have provided care. Both my dad and mother never really recovered fully from the separation that could have been avoided if there was a local facility.

Fast forward a year later. My parents moved to the Wayne County Nursing Home together in July 2009. My dad died a month later. From July 2009 through November 2014, my mother was hospitalized numerous times at Wayne Medical Center for recurring upper respiratory infections. She received excellent care at both the Wayne County Nursing Home and Wayne Medical Center. However, each time she had to be moved from the nursing home to the

hospital, it was extremely painful for her arthritic body. My brother, sister and I lived out of town. Often she lay on a sterile and hard stretcher, alone and confused in the ER until we arrived.

My mother passed away December 24, 2014. She made her last trip from the nursing home to the hospital three weeks before she died for IV antibiotics. I think of how hard it must have been for her frail body to move her even the short distance between the two facilities. I think about how scary it was for her moving from place to place – especially when she was in pain.

I am so grateful that Health Services Management Group wants to expand the current services offered at Waynesboro Health and Rehabilitation to include skilled care and the administration of IV therapy, along with other types of skilled care. It is my hope that other elderly residents will not have to leave the familiarity of their surroundings and their "home" for skilled care.

My mother's received excellent care while a resident of the Wayne County Nursing Home from July 2009 until the time of her death. The addition of skilled care will only enhance the level of care that is administered by trained, compassionate and capable employees at Waynesboro Health and Rehabilitation Center. Your approval for these additional services – specifically CON – CN1411-045 means a great deal to the families who call Wayne County home. I encourage you to approve this petition.

Please do not hesitate to contact me should you have questions or concerns. You may reach me at 615.519.0971. I appreciate your consideration.

Sincerely,

Myra B. Staggs

January 8, 2015

Ms. Melanie Hill, Executive Director Tennessee Health Services & Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

RE: Letter of Support for CON CN1411-045

Dear Ms. Hill,

My name is Peggy McCurry. I am a resident at Waynesboro Healthcare and Rehabilitation Center in Wayne County, Tennessee. I am very pleased with the care that I have received in this facility.

There was a time that I had to go to Columbia, Tennessee for skilled care. I had a stroke and needed a good rehabilitation program which is not available in Wayne County. I had very good care in Columbia, but my family was inconvenienced significantly.

Also, there are really good doctors in Wayne County, and I prefer to stay in the county. I feel there is a real need for skilled care in Wayne County. I am very pleased that the new operators are planning to offer additional skilled nursing services and also are planning renovations which will improve the lives of myself and the other residents.

I am writing this letter to let you know that I am very welcoming of the changes at Waynesboro Health & Rehabilitation Center and I am in support of the Certificate of Need project.

Feel free to contact me if you have any questions.

Sincerely,

Leggy A. Mc Curry Peggy McCurry, Resident Ms. Melanie Hill
Executive Director
Tennessee Health Services & Development Agency
500 Deaderick Street
Suite 850
Nashville, TN 37243

Reference: Letter of Support for CON CN 1411-045

Dear Ms. Hill:

I am writing this letter in support of moving the 46 bed certificates from Wayne Care Center to Waynesboro Health and Rehabilitation Center located at 104 JV Mangubat Drive in Waynesboro, Tennessee.

Looking to the future, the consolidation of the bed certificates in one location will benefit all residents. The move will allow for much needed expansion to include medicare skilled beds, memory care, and an in-house rehabilitation unit.

Thank you in advance for your attention to this matter.

Sincerely,

Reba Ann Drolick

Cc: Kelli Canan
Project Manager
Health Services Management Group
485 Central Ave. NE
Cleveland, TN 37311

Leba ann Dralich

Email: kelli.canan@healthservices.cc



100 Court Circle Room 301 • P.O. Box 574 • Waynesboro, TN 38485 Phone (931) 722-3575 • E-mail chamber@netease.net www.waynecountychamber.org

February 6, 2015

Ms. Melanie Hill, Executive Director
TN Health Services & Development Agency
500 Deaderick Street Suite 850
Nashville, TN 37243

Reference: Letter of Support for CON CN1411-045

Dear Ms. Hill,

Please accept this letter as our formal support of Wayne Care Replacement Facility's Certificate of Need Project, including the closure of the outdated Wayne Care facility at 505 South Main Street and reconstruction of the Waynesboro Health and Rehabilitation Center located at 104 Mangubat Drive. We understand the changes and additions will increase the quality of care for its residents, our fellow Wayne Countians. The new rehabilitation therapy services, increased residence space, skilled nursing care and secure memory care will keep more of our residents at home rather than having to face traveling some distance to receive equivalent care. For these reasons, we fully support this project and if we can be of any further assistance, please do not hesitate to contact the chamebr at 931-722-3575 or via email at chamber@netease.net.

Sincerely,

Rena Purdy

**Executive Director** 

Rena Purdy

Cc: Kelli Canan, Project Manager Health Services Management Group 485 Central Ave. NE Cleveland, TN 37311



231 South Main Street P.O. Box 589 Waynesboro, TN 38485 ROGER D. SMITH, LUTCF Office: 931-722-5010 Fax: 931-722-5084 Toll Free: 866-323-7080 rsinsurance@tds.net

\*LIFE \*HOME \*AUTO \* BUSINESS \*RETIREMENT \*HEALTH

**RE: Letter of Support for CON CN1411-045** 

Dear Ms. Hill,

I am writing to express support for the above mentioned project to be approved. The project proposed would add much needed additional facilities and services to our community. There are not any Medicare Skilled beds or Memory Care units in our entire county. These new additions would be of great benefit and convenience for our local citizens and their families.

Also, another huge benefit would be the new jobs this would create. Our county desperately needs additional good jobs and this would be a great opportunity to fulfill a portion of that shortfall.

As a local business owner and current President of the Wayne County Chamber of Commerce, I feel this would be hugely beneficial to the current and future needs of Wayne County.

Sincerely,

Roger D. Smith LUTCF CPIA



Ms. Melanie Hill
Executive Director
Tennessee health Services & Development Agency
500 Deadrick Street
Suite 850
Nashville TN 37243
Reference: Letter of Support for CON CN1411-045

Dear Ms. Hill

Please accept this as a formal letter of support of the Wayne Care Replacement facility relocated to Waynesboro Health & Rehabilitation Center Project. Having been an R.N. for 20 years, I recognize and understand the importance of Medicare services, including skilled nursing care and rehabilitation services as well as the need for Memory care units being located in Wayne County. The strain placed on families, whom are already overwhelmed, having to travel over 30 miles outside of their own county in order to receive these services, just adds to their burden. I hope that you will strongly consider the benefits that this project will provide to the residents of Wayne County.

Sincerely,

Tim W. Brashears, RN

Clinical Liaison

Avalon Hospice

1407 N. Locust Ave. Ste. 103

Town Brusher NW, CL

Lawrenceburg , TN 38464





January 7, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health Services & Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

Cc:

Kelli Canan Project Manager Health Services Management Group 485 Central Ave. NE Cleveland, TN 37311

Re:

Letter of Support for CON CN1411-045

Dear Ms. Hill:

This letter is in support of the Certificate of Need project applied for by Waynesboro Health & Rehabilitation Center, requesting to close the existing 46-bed facility formerly known as Wayne Care Center. This facility does not have sinks, toilets, or bathing facilities in patient rooms. In addition they propose to construct an addition to the existing 109-bed facility, Waynesboro Health & Rehabilitation Center. Services in this facility will be expanded to include Medicare services/skilled nursing care; rehabilitation therapies; and an 18-bed Memory Care Secure unit.

We need these facilities in Wayne County. Patients requiring Medicare Skilled beds must relocate outside our area, and the majority of patients needing rehabilitation care are going to Lawrenceburg, Columbia or Florence, AL which are 30 to 60 miles away, putting a burden on their family members due to time and travel expense.

Currently there are no secure Memory Care facilities in Wayne County. Again, family and friends have to travel more than 30 miles to visit a patient in a skilled facility or memory care unit.

Also, Wayne County continues to be well above the State's unemployment averages and these expansions of service will provide employment opportunities for our area.

The former Wayne County Nursing Home facility (now Waynesboro Health & Rehabilitation Center) has always been the premier facility in this area, providing clean and up to date atmosphere for its patients. We feel these proposed actions will continue that tradition, as well as, provide additional, much needed services for the citizens of Wayne County.

Sincerely,

Martin L. Haggard, Jr.

President

Main Office

216 S. High St.

P.O. Box 247

Waynesboro, TN 38485

931-722-5438 Fax 931-722-7441 Collinwood Branch 201 S. Hwy. 13 P.O. Box 248 Collinwood, TN 38450

Collinwood, TN 3845 931-724-9122 Fax 931-724-5329 Darrell Holt Vice President

> Court Square Branch 110 W. Public Square P.O. Box 158 Waynesboro, TN 38485 931-722-5555

Sibyl Haggard

**Executive Vice President** 

Clifton Branch 205 Main St. P.O. Box 676 Clifton, TN 38425 931-676-2274 64 Express 312 Hwy. 64 East P.O. Box 247 Waynesboro, TN 38485 931-722-3350

### Wayne County Courthouse Stan Horton, County Clerk

Post office Box 367 Waynesboro, Tennessee 38485 Phone 931-722-5544 Stan.Horton@tn.gov

February 9, 2015

Ms. Melanie Hill, Executive Director Tennessee Health Services and Development Agency 500 Deaderick Street, Suite 850 Nashville, Tennessee 37243

Reference; Letter of Support for Certificate of Need, # CN1411-045

Ms. Hill,

This is a letter of support for the Wayne Care Replacement Facility to be operated by the Waynesboro Health and Rehabilitation Center at 104 J.V. Mangubat Drive Waynesboro in Waynesboro, Tennessee.

As County Clerk of Wayne County I have been involved with keeping of records for the County Commission for 16 years. As time has passed, the county has come to the conclusion that it is no longer feasible to operate our nursing homes. Contracts with HSMG to purchase both facilities and to operate in their capacity have been signed and HSMG wishes to combine the facilities to better serve the community with skilled nursing and rehabilitation therapies, as well as a memory care unit.

As Clerk, with the endorsement of the County Commission, we are in support of the request made to the Tennessee Health Services & Development Agency.

For questions or comments please feel free to contact me.

Sincerely,

Stan Horton

Wayne County Clerk



P. O. BOX 471 • 122 PUBLIC SQUARE • WAYNESBORO • TENNESSEE • 38485 OFFICE (931) 722-5458 • FAX (931) 722-9109 • www.cityofwaynesboro.org

February 5, 2015

Ms. Melanie Hill
Executive Director
TN Health Services & Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243
Ref: Letter of Support for CON CN1411-045

Dear Ms. Hill,

Please accept this letter of support on behalf of the City of Waynesboro for The Waynesboro Health and Rehab Center located on J.V. Mangubat Drive in Waynesboro Tennessee.

We feel that the facility should be approved due to a variety of reasons and I would like to highlight a few.

Our nursing home is a critical part of life for the elderly in the community and has been for many years. It impacts the lives of young and old alike. While the economic impact is greatly appreciated though jobs, income, taxes and retail spending, the improvement of care at the facility is first.

I see many benefits from a combined facility that is state of the art and very close to our hospital and physicians. We need a new local facility to reduce on travel, expenses and time for all involved in the day to day care. A skilled facility is needed in Wayne County, with the patients benefiting from having new self contained rooms; it should make them have a brighter out look as well.

Thank you for your time and consideration with this matter and feel free to contact me with any questions or comments.

Sincerely,

John Hickman

Waynesboro City Manager

Cc: Kelli Cannon